



Daily Report

China

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General

XINHUA on U.S. Response to DPRK's Aid Request

OW1002151895 Beijing XINHUA in English
1449 GMT 10 Feb 95

[FBIS Transcribed Text] Washington, February 8 (XINHUA)—The United States has indicated that it will consider Pyongyang's reported request for extra economic and technical assistance under their nuclear deal, the State Department said today.

State Department Spokeswoman Christine Shelly told a press briefing that the Clinton administration "is willing to consider modest requests" by the Democratic People's Republic of Korea (DPRK).

Shelly was commenting on an exclusive report in today's Washington Post.

The paper quoted a senior U.S. official as saying that Pyongyang had asked the Clinton administration to provide 500 million to one billion U.S. dollars worth of extra assistance for the construction of the two light-water reactors on its soil.

Pyongyang reportedly made the demand during the talks in Berlin last week, saying the extra aid was needed to build a simulator to train DPRK's reactor operators, to install new transformer lines and electrical power substations and finance other reactor accessories.

"Light-water projects can include a number of different accessories or auxiliary facilities, such as training and maintenance centers," the spokeswoman said. "But as expected, the opening position of the North Koreans is to request a maximum number of add-ons," she noted.

"We will carefully consider inclusion of those facilities which are necessary and desirable for safe and efficient operation of the reactors," Shelly said.

But she told reporters that the United States has "no intention of agreeing to the add-ons, which are outside of the normal scope of supply or which would significantly increase the cost of the project."

Washington and Pyongyang signed the nuclear accord in Geneva last October. At the heart of the deal is a U.S. vow to replace the DPRK's graphite nuclear reactors with light-water ones from which arms-grade plutonium is harder to extract.

The Geneva agreement was a framework and the two sides are negotiating for the arrangement of the implementation details.

The DPRK and Washington also differ over the provider of the light-reactors. Washington insists that these "must be of South Korea's origin" while Pyongyang is strongly against any involvement of Seoul in their construction.

Official Affirms Ability To Feed Growing Population

HK1302060495 Beijing XINHUA Domestic Service
in Chinese 0833 GMT 8 Feb 95

[By reporter He Ying (0149 3841)]

[FBIS Translated Text] Oslo, 8 Feb (XINHUA)—Today, Xie Zhenhua, director of China's State Environmental Protection Bureau, solemnly indicated that the Chinese people are able to feed themselves during a speech at the Oslo ministerial meeting on sustained production and consumption.

Xie Zhenhua expressed the above-mentioned viewpoint in response to a report entitled "Who Will Feed China?" by Lester Brown, director of the World Observation Institute, that same day. Brown said in his report that with economic growth and changes in the food structure, China will continuously increase its demand for grain. So, he raised the question: Who will be able to feed more than 1 billion Chinese people in the 21st century? And he asserted that nobody would be able to feed China.

In response to Brown's report, Xie Zhenhua pointed out that China is successfully feeding 22 percent of the world's population with only 7 percent of the world's farmland. In addition, China's GDP has increased by over 100 percent in the past 10 years and the people's living standards have been markedly enhanced.

He also frankly admitted that while China's economy is growing steadily, China's population is also increasing at a net rate of 14 million people each year. A shortage of farm land will become a prominent problem. He told participants in the meeting that China is strictly carrying out two basic national policies of family planning and environmental protection and is making efforts to control the rate of population increase and to raise its efficiency in utilizing resources. The Chinese Government will also make great efforts to increase agricultural investment in order to raise grain yields per unit area of farm land. At the same time, China will make efforts to develop biotechnology in order to accelerate agricultural development. Xie Zhenhua said that China hopes to increase cooperation with the international community in the field of agriculture and welcomes financial and technological assistance from various countries.

When talking about protecting and utilizing global resources, Xie Zhenhua pointed out: The population of the developed countries accounts for only 20 percent of the world's total, but they consume 80 percent of the world's resources. Xie expressed appreciation for the viewpoints of Indian Environment Minister Kamar Nath, who proposed the equal utilization of the world's resources according to population. He said: All countries have the right to equally share and use the world's resources.

Xie Zhenhua said in conclusion that when discussing solutions to global environmental problems, all the parties concerned should concentrate attention on solutions rather than problems.

Official Refutes U.S. Report on Future Food Needs

OW1202120895 Beijing XINHUA Domestic Service
in Chinese 0836 GMT 11 Feb 95

["Informal essay on international affairs" by reporter He Ying (0149 3841): "A Dispute Which Should Not Have Happened"]

[FBIS Translated Text] Oslo, 10 Feb (XINHUA)—Some 200 representatives from countries of both the South and North gathered at a ministerial-level round-table meeting on sustainable production and consumption in Norway's capital, Oslo, from 8 to 10 February. The meeting was held to explore ways of economic development. However, someone started a dispute that deviated from the main topic of discussion on the first day.

It all started from a sensational report, entitled "Who Will Feed China," by Lester Brown, director of the U.S. Institute of World Observation. The report believes that with China's economic growth and the change in its food composition, its demand for grain will increase. Therefore, the author raised the question of who will feed China and asserted categorically that no one can feed China. Brown's report caused a shock and started continuous debates both during and outside the meeting.

On the question of who can feed China, Xie Zhenhua, director of China's State Environmental Protection Bureau, solemnly answered at the 8 February meeting: "The Chinese people can feed themselves." At a 9 February news conference, he again pointed out unequivocally that China does not want to rely on others to feed its people and that it relies on itself to solve its own problems.

China has made tremendous development over the last decade and more. Only China, with 7 percent of the world's arable land, can feed its people, who account for 22 percent of the world's total population. China's gross domestic product has doubled over the last decade or so, and its people's productivity is being raised constantly. These facts are there for all to see, and they are a convincing reply to Brown's report.

During the course of their own development, the developed countries have consumed too much of the world's natural resources for a long time. With their population accounting for 20 percent of the world's total, the developed countries account for 80 percent of the world's total consumption of natural resources. Their unreasonable production and consumption ways are the major causes for the world's worsening environment; this point was generally accepted by the representatives of various countries at the Oslo meeting. Torbjorn Berntsen, minister of environmental affairs of Norway, asked at a news conference prior to the meeting: "What is the meaning of life? Must every family have two cars? Does a family with two TV sets need a third and fourth set?" Nevertheless, Brown did not express his views on remedying the excessive consumption of developed nations.

Instead, he made an issue over the food question of a developing country. He is indeed suspected of distracting people's attention from the excessive consumption issue.

Religious Freedom Representative at Human Rights Meeting

OW1202131495 Beijing China Radio International
in Mandarin to Asia 0900 GMT 11 Feb 95

[From the "News" program]

[FBIS Translated Text] Station reporter (Xu Xiurong) reports from Geneva. (Lu Jinqi), a member of the Chinese delegation, spoke about the religious issue on 10 February at the 51st Human Rights Committee Conference in Geneva. He pointed out that, in China, religious belief is entirely an issue of citizens' free personal choice and is their private matter. The state respects and protects the rights of citizens' freedom of religious belief. In China, those with or without religious belief enjoy the same rights and obligations before the law. In China, there are now some 2,000 religious groups, some 200,000 people engaged in religious teaching, 48 religious schools, and some 68,000 venues for religious activities.

Article Views Major Actors in World Affairs

HK1002102795 Beijing SHIJIE ZHISHI in Chinese
No 2, 16 Jan 95 pp 4-5

[Article by Da Zhou (6671 3166): "'Multipolar,' or 'One Superpower and Four Big Powers'"]

[FBIS Translated Text] Any review of the situation in 1994 inevitably involves an appraisal of the existing international setup. A popular view is that involving a "multipolar setup," that is, the roles and interrelations between the five forces of the United States, Europe (some say Germany), Japan, Russia, and China in international relations. However, this view of a "multipolar setup" is not shared by this author.

First of all, it is necessary to determine the meaning of "pole" and what kind of country constitutes a "pole." Views are divided on this. In my opinion, a country must at least measure up to the following requirements before it can be called a "pole" in the present-day world: The first is that it must have a powerful comprehensive national strength. While it is true that "comprehensive national strength" can be interpreted differently, it must at least include political stability, solid economic strength, strong military muscle (particularly nuclear armaments), as well as well-developed scientific and technological capabilities. The second is that it must be influential in foreign affairs. This means that a country's influence on its neighboring countries, on its region, on international organizations, and on international events cannot be ignored by other countries. During the Cold War, the two superpowers, that is the United States and the former Soviet Union, both measured up to these requirements in terms of their comprehensive national

strength and foreign influence. In fact, they were universally recognized as the "two poles," and the Cold War period was also called a "bipolar period."

The disintegration of the former Soviet Union brought the Cold War and hence the "bipolar period" to an end. Has the world now entered a period of a "multipolar setup" and "multipolarization" as some believed? In my opinion the answer is negative. To explain this one has to go back to what constitutes a "pole." In the years since the disintegration of the Soviet Union, neither Europe with Germany as its main player (taking Europe as an integrated whole), nor Japan has seen any significant improvement in their comprehensive national strength. They cannot compare with the two poles of the United States and the Soviet Union in the old days, and it is difficult to say that they have become "poles" in their own right. Russia today cannot compare with the old Soviet Union, and naturally cannot be called a "pole." Although China has attracted worldwide attention with its swift economic growth in recent years, it still has a long way to go before it can become a "pole" comparable to the United States and the Soviet Union in the old days of the international arena. Hence, there is insufficient grounds to upgrade post-Cold War Europe, Japan, and China to the status of "poles," and to think that Russia is still a "pole" in the international arena, as was the Soviet Union, and hence to conclude that the present-day world is a "multipolar setup" and a "multipolar world." In my view, the only conclusion that can be drawn is that the "bipolar" setup of the Cold War period has been smashed, but it is definitely not yet a "multipolar" world.

If we must talk about "multipolarization," then perhaps it is more reasonable and more in conformity with the objective reality to say that the modern world "is gradually making the transition to multipolarization," that "the trend of multipolarization is becoming increasingly obvious," or that "the world situation is developing in the direction of multipolarization." Incidentally, a leading article in SHIJIE ZHISHI, No 24, 1994, also discussed the "multipolar setup." The article concluded that "international relations and international peace at the present stage are taking on an ever-richer flavor of 'collective consultation' and 'multipolar hegemony'." In the context of the article, the author was referring to a "multipolar setup that does not include China"; in other words, he was referring to "the major countries of the West (including Russia to some extent)." The words "does not include China" should not have been omitted. It is also highly inappropriate to describe the modern world as a "multipolar" one, particularly using expressions like "multipolar hegemony," as such wording is misleading and is open to differing interpretations.

Pattern of "One Superpower and Four Big Powers" Has Taken Shape

This author is of the view that it is more in conformity with the objective reality and also more appropriate to

describe the modern world as a setup with "one superpower and four big powers." It goes without saying that the "one superpower" refers to the United States. The Cold War, which lasted nearly half a century, has greatly sapped the vitality of this superpower, but compared to others, the United States is still the only country today that can be called a "superpower," whether in terms of its economy, scientific and technological strength, military might or foreign influence.

However, it must be pointed out that in their jubilation about the end of the Cold War following the collapse of the Soviet Union, some Americans hailed it as "the end of a chapter of history," some even adopted a "Pax Americana" stance, claiming that the world will be kept peaceful from now on under U.S. administration, as if the whole world was at their feet. Developments in world affairs in recent years have ruthlessly refuted this superficiality on the part of a handful of Americans. The world cannot be dominated by the United States alone, and the United States cannot but take into consideration the interests and position of the other "four big powers" that have already established themselves.

1. The countries of the European Union (hereafter referred to as "Europe," because this author sees these countries as an entity). As noted above, Europe still does not constitute a "pole" and cannot stand up to the United States as an equal. However, whether in terms of its economic, scientific and technological, and military strength, or in terms of its influence on regional affairs, it can rightly claim its place at the top of the "four big powers." It is worth pointing out that although Germany is playing a more important role in European affairs, it is not yet time to single it out from the rest of the European countries and treat it as one of the "four big powers." There are many reasons for this. The first reason is that it is not yet "a member of the nuclear club" although it has the potential to develop nuclear armaments. The second reason is that Germany has kept a low profile in both regional and international affairs on the whole. It tries not to get involved as far as possible, at least not to stick its neck out. The third reason is that even though Germany's economic strength is the strongest among the European countries, it is not yet in a position to control the EU (including the European Community prior to the Maastricht Treaty). Although Germany has more votes than countries like Spain in the EU, it is on the same footing as Britain and France, and all countries have the right to exercise their veto power. Hence, Germany cannot dominate the EU.

2. Japan. With its powerful economic strength, Japan is playing a more and more important role in international affairs. In recent years, it has been keenly seeking support to become a permanent member of the Security Council. Whether or not it will succeed in this endeavor, there is no question that is considered "one of the four big powers" today.

3. Russia. Following the disintegration of the Soviet Union, Russia inherited the place once held by the

Soviet Union as a permanent member of UN Security Council. As a major member of the "nuclear club," Russia controls the only nuclear armaments that can destroy the superpower, that is, the United States. Despite its political instability and economic decline in recent years, Russia is still better off in its comprehensive national strength than most countries and is still "one of the four big powers."

4. China. As early as 1971, then U.S. President Richard Nixon said in a famous speech in Kansas City that China was one of the five major forces (including the United States) in the world. Over the past 20 or more years, particularly in the 15 years since the commencement of reform and opening up, China's comprehensive national strength has increased greatly. For this reason, the international media have come to regard China as "one of the four powers."

This author believes that the pattern of "one superpower and four big powers" has already taken shape and that no other force is likely to emerge and break this pattern for the time being, at least not before the end of this century. The resolution of international trends, hot spots, and global issues will largely be determined by the attitude of the "one superpower and four big powers" and their relations with each other. Of course, the cooperation and support of other countries is also important for the resolution of international issues, especially regional issues. The interests of other countries cannot be ignored, because the world belongs to the people of various different countries, but it is the "one superpower and four big powers" that play the dominant role.

Ten Pairs of Countries Formed Between "One Superpower and Four Big Powers"

Relations among the "one superpower and four big powers" may be looked at in terms of 10 pairs of countries. They are: The United States and Europe, the United States and Japan, the United States and Russia, the United States and China, Europe and Japan, Europe and Russia, Europe and China, Japan and Russia, Japan and China, as well as Russia and China. Relations among these 10 pairs of countries differ. Some are diametrically opposed on the ideological level, some are in sharp political conflict, some have serious economic conflicts, some are political allies but are full of economic contradictions, some have different social systems but complement each other economically, and some have normal political ties but are rather cool in their economic relations. In short, relations between these 10 pairs of countries are very complicated, and a special treatise is required to discuss them in detail.

Looking at the situation in 1994 as a whole, contradictions and conflicts between "one superpower and four big powers" are growing and are more conspicuous than before. Particularly worthy of attention is the relationship between the United States and Russia. In 1994, both the United States and Russia adjusted their foreign policies, particularly their policies vis-a-vis the other.

After the disintegration of the Soviet Union, there was a "honeymoon" period between the United States and Russia, with Russia following a totally pro-U.S. policy and taking orders from the United States in international affairs. However, as the situation developed on the home front and as contradictions emerged between the two countries in international affairs, Russia was compelled to distance itself from the United States and emphasize that it had "special interests, even conflicting interests, which are different from the interests of the West" (the words of Russian Foreign Minister Andrei Kozyrev). In September 1994, President Boris Yeltsin publicly stated during his visit to the United States that "Russia does not need American aid, what it needs is cooperation with the United States on an entirely equal footing." He also said: "The United States is a strong partner, but it is also a difficult partner." After that, Russia made a series of diplomatic moves to demonstrate its independence. For example, it publicly opposed the eastward advance of NATO, it exercised its veto against the United States and the European countries on the Bosnia-Herzegovina question in the UN Security Council, it redoubled its efforts to return to the stage of Middle Eastern politics, and stressed that China was a "reliable partner" of Russia and that it wished to establish steady relations of friendship and cooperation with China.

In the United States, distrust of and misgivings about Russia resurfaced. U.S. Defense Secretary Perry said: "Even in the best imaginable scenario, that is, that a completely democratic and market-oriented Russia emerges, the interests of the new Russia will still be very different from ours."

Thus, we may say that the United States and Russia are at once partners in cooperation and rivals in competition. At present, their common interests are still greater than their conflicts and cooperation remains the keynote of U.S.-Russian relations. However, there are frequent contradictions between the two countries. Russia, in particular, will in future make noises that are not in tune with its American partner in its efforts to protect its own interests. This is something that should not be overlooked.

As to the relationship between the United States and the three other big powers, the relationship among the three big powers, as well as the relationship between Russia and the three big powers, although there are contradictions on the whole, each country still wishes to see relations progress, particularly economic and trade relations. They are willing to resolve differences and contradictions through dialogue rather than force. Thus, we may expect to see a reinforcement of the overall trend of peace and development in 1995.

United States & Canada

Noted Economist Views Sino-U.S. IPR Talks

HK1202070895 Hong Kong TA KUNG PAO in Chinese
12 Feb 95 p 2

[Report on interview with noted economist Ji Chongwei, research fellow of the State Council Development

Research Center, by staff reporter Li Bing-hua (2621 3521 5478); date, place not given: "Ji Chongwei on Sino-U.S. Talks on Intellectual Property Rights")

[FBIS Translated Text] Beijing, 11 Feb (TA KUNG PAO)—China and the United States are to resume their intellectual property rights [IPR] talks on 13 February in Beijing. This is indeed good news at the time when no one wants to see the outbreak of a trade war between China and the United States. Regarding the issue, this reporter interviewed Ji Chongwei, noted Chinese economist and research fellow of the State Council's Development Research Center, and listened to his views and predictions.

Two Reasons for Prudent Optimism

Ji Chongwei stated clearly that there are two reasons for his prudent optimism concerning a Sino-U.S. IPR agreement: First, the basic objective and interests of the two sides are identical. The United States wants to protect its IPRs, while China is sincerely willing to protect both its own IPRs and those of other countries. They share the same view on this question, and there is no confrontation in their position. Second, both China and the United States want to resolve the problem through talks, and are not willing to start a trade war because that would incur serious losses on both sides. At the time when Sino-U.S. political and economic ties are developing, a check or reverse of this trend because of IPR talks does not conform to the interests of the peoples of the two countries, and in the long run it is not a good thing.

"Where, then, is the difference between the two sides?" Ji Chongwei believed that the two sides had differences on how to protect U.S. IPRs, and on what measures and methods should be adopted to protect them. It should be noted that the U.S. side has been a bit hasty, hoping that the problem can be resolved once and for all. Hence, they have set excessive demands, which involve alteration of China's laws, constituting interference in China's internal affairs. On the question of sovereignty, it is difficult for even a small nation to accept, not to mention a large country like China, which particularly cherishes its independence.

U.S. Practice Has Gone Too Far and Is Unreasonable

On the question of U.S. demands that China close down its 29 factories, Ji said: As far as I know, one of the 29 factories, which is located in Shenzhen, is not involved in piracy at all. As for the rest, some may be involved and others not. Even among those involved, the extent of seriousness may vary. This should be handled by the Chinese Government in light of the actual situation. Some can be punished, while others are fined, and some even can be ordered to close down. Nevertheless, we cannot indiscriminately order all the factories to close down, irrespective of the seriousness of the cases. We cannot abolish the whole trade simply because of piracy in the production of laser discs. In light of its own judgment, the practice of issuing an ultimatum by the

U.S. side has gone too far and is also unreasonable. No sovereign state can accept this.

Ji Chongwei said that China respects knowledge, attaches importance to IPR protection, and has made great efforts in this regard, which is known to people all over the world. As its system for protecting IPRs has just been set up, it is quite possible that some localities and enterprises may make mistakes, and even may violate the law owing to their lack of understanding. This is a phenomenon in the transition to a market economy, which also occurred in the United States, Japan, Taiwan, and Korea in the course of their development. A period of time is required to resolve this problem, and some time must be given to China to settle the issue. If a person has made a mistake, it is not a good method to beat him to death; the best option is to resolve the problem, educate the person who has made the mistake so that he will not repeat it, and not to damage the productive forces.

Hasty Imposition of Sanctions Will Harm Others, As Well As Themselves The United States wanted to resolve a complicated problem with a simple method, and it acted impetuously by threatening to resort to sanctions when its demands were not met. What about the results? More haste, less speed and possibly the opposite.

These were Ji Chongwei's views.

Ji pointed out that the sanctions proposed by the United States were not aimed at the law violators. The trades and products involved had nothing to do with the violation of IPRs. The sanctions also would affect Taiwan and Hong Kong, and would create upset everywhere, which is unreasonable and unfair. As the Chinese saying goes: "In a disturbance, innocent bystanders get into trouble." The counter-retaliatory measures which China had to take also will affect the interests of U.S. importers and consumers. Those who jump to conclusions and impose sanctions will harm others, as well as themselves. Through consideration in a calm manner, the U.S. administration should realize that this is not a good method.

The U.S. Side Should Seriously Examine What It Has Done

In his capacity as an unofficial scholar, Ji Chongwei said that in the Sino-U.S. talks—instead of taking their extreme stance, adopting an attitude of confrontation, and blaming the other side by hook or by crook—the two sides should hold consultations on an equal footing, talk calmly, and understand the situation of the other side. As long as the two sides make some concessions, they certainly will be able to seek a reasonable, feasible, and effective solution, and to attain unity of objective and effects.

If the talks break down, resulting in a trade war, the United States, China, and some third parties will suffer losses.

Ji Chongwei said: It is like two persons fighting after a quarrel, one boxing the other, with the other kicking in return, which truly hurts the feelings. What could be achieved through cooperation in the past can no longer be

attained, which is leading to a retrogression in Sino-U.S. ties. It is not worth damaging normal ties just because of the method and attitude, and when there is no fundamental confrontation. If you look back after the event, probably the Americans also may blame the administration's mistaken policy and practices. Ji reminded the United States to examine itself carefully: What happened when the United States imposed sanctions and took retaliatory measures for the economic disputes with other countries in the past? Did the United States ever attain its objectives? Now it is time for the U.S. administration and negotiators to show their reason and wisdom.

Clinton Administration's Political Agenda Outlined

HK1302105295 Beijing RENMIN RIBAO in Chinese
2 Feb 95 p 3

["Roundup" by staff reporter Liu Aicheng (0491 1947 2052): "The White House Is Facing New Challenges"]

[FBIS Translated Text] On 24 January, U.S. President Clinton delivered his State of the Union message to a joint meeting of the Senate and the House. In his 80-minute address, Clinton summed up the achievements over the past two years since he took office, and came up with this year's tasks and objectives.

In last year's mid-term elections, the Republican Party won across-the-board victories with its "Contract With America" election platform. The "Contract" called for reducing taxes, reducing governmental and congressional institutions, practicing balanced budgeting, and reforming the social welfare system. This won the support of most voters. In order to meet the challenge and recover the Democratic Party's lost turf by winning support from people in the middle and lower social strata, President Clinton also put forward in the State of the Union address his so-called "New Covenant."

Clinton's State of the Union address and the "New Covenant" showed that promoting economic growth and reforming social welfare would be two major tasks for his administration this year.

In the last two years, the U.S. economy has been growing steadily, and the deficit also has decreased. The unemployment and inflation rates both fell to their lowest points in the last 25 years. However, the living standards of many people in the middle and lower social strata declined. Faced with the Republican Party's program for reducing the middle class tax burden, the Clinton administration also set out a similar tax reduction scheme. In concrete practice, however, there are still great differences between the two sides. Clinton also called for raising the minimum wage from \$4.25 to \$5 per hour.

In order to offset the losses caused to the government by the tax reduction and the wage increase, the Clinton administration called for further streamlining institutions and reducing expenditures. It decided to streamline five government institutions, including the Department of Energy,

the Department of Transportation, and the Department of Housing and Urban Development; to continue reducing government staff; to freeze expenditures in the relevant aspects; to reduce the number of public housing projects from 60 to three; to cancel 100 projects regarded as unnecessary; and thus to reduce total expenditures by \$130 billion. The Clinton administration repeatedly stressed that the tax reduction and wage increase cannot affect the effort to cut down on the federal deficit.

While supporting the Clinton administration's institutional streamlining and expenditure reduction plan, the Republican Party still had certain misgivings. At the same time, Republican congressmen came up with their constitutional amendment bill on achieving a balanced budget by the year 2002. At present, the national debt of the United States amounts to \$4,700 billion, with an average annual increase of \$250 billion. As a result, it has to pay \$225 billion in interest to service the debts every year. According to these calculations, the federal government will have to increase net income by \$1,200 billion, or cut down on its expenditure by the same amount over the next seven years in order to achieve a balanced budget. There are no methods, other than further curtailing expenditures and increasing taxes. However, both methods are unfavorable to President Clinton, who will seek re-election next year. Therefore, in his State of the Union address, he questioned the Republican Party: "If you think that it is correct to pass the balanced budget bill, then you should directly tell the American people what expenditures should be curtailed and what taxes should be increased, and what impact will this have on them." Obviously, Clinton tried to shift the responsibility and consequences of balancing the budget to the Republican Party in order to win sympathy and support from voters in the middle and lower social strata.

Reforming the welfare system is another major challenge facing the Clinton administration. According to the existing welfare system, in addition to providing medical allowances for low-income families and providing medical care for the elderly and handicapped, the government still has to provide relief funds for families with dependent children, and issue food coupons for poor people. As the number of people entitled to enjoy such welfare benefits has been increasing, government expenditures in this respect have been getting larger and larger. Both the Republican and Democratic Parties, as well as the government, have called for reforming the welfare system. However, they have substantial differences concerning how to reform. The Republican Party held that the federal government should reduce the food relief given to poor people and the financial allowances given to families with dependent children. In particular, welfare benefits for the families of unwed mothers between 18 and 21 years of age should be stopped. The reform scheme set out by the Clinton administration was not as tough as that of the Republican Party. According to Clinton's plan, two years of relief would be given to the able-bodied poor. At the same time, they also would receive vocational training so that they would be able to seek their means of living. Free

training would be given to mothers, and their children would be cared for in nurseries, with allowances given to the mothers. However, allowances would be stopped after two years, and relief beneficiaries would have to seek jobs on their own. Clinton set out his reform plan last year, and he reiterated the same scheme this year in order to push it through Congress.

Clinton's medical and health care reform scheme was not passed by Congress last year. The scheme proposed that the costs of medical insurance be borne jointly by the government, the employers, and the individuals, so that such insurance would cover everyone. The Republican Party criticized the scheme, saying that there is too much government interference, people involved in the scheme have too little freedom, and the government's overhead in its implementation would be too high. As opposition also came from some people within the Democratic Party, the scheme was shelved by Congress. In his State of the Union message, Clinton once again stressed the importance and urgency of reforming the medical and health care system, and called on Congress to pass the reform scheme.

People noticed that in the face of pressure by the Republican Party in Congress, Clinton this year tried to narrow the gap between his policies and those formulated by the Republican Party with regard to government projects, and called for the Republican Party's cooperation. However, it is still hard to say to what degree his schemes will be accepted by Republican congressmen.

Canada's Chretien Views Benefits of China Visit

OW1102110195 Beijing XINHUA in English
1012 GMT 11 Feb 95

[FBIS Transcribed Text] Montreal, February 10 (XINHUA)—Canadian Prime Minister Jean Chretien said today that his visits to China and Latin America will bring back economic growth for Canada.

Addressing a luncheon at the Conference on Trade With China hosted by Canadian Chamber of Commerce and the Canada-China Business Council here, Chretien said his trade missions to China last November and to Latin America in January this year brought home more than 10 billion Canadian dollars (more than 7 billion U.S. dollars) in new business for Canadian companies.

"That means growth for Canada. And jobs for Canadians," he said.

It was one of a series of conferences on trade with China across Canada in an effort to put the contracts and agreements signed during Chretien's visits into reality.

The Canadian government has put together a working group to follow up on the trade missions in a bid to ensure that the deals he started on his visit are fully realized and Canada can build on those agreements with new initiatives, Chretien added.

Chretien said his visits to China and Latin America will secure Canadian footholds in future markets.

A white paper on the foreign policy said Canada's objective is to defend and increase its prosperity by expanding the markets from the U.S. To Asia and Latin America.

"If we are to break open new markets for Canadian companies, we will have to draw on all our assets, we will have to marshal all our forces, wisely and effectively," he said.

Canadian Businessman Relays Premier's Regards to Li Peng

OW1202132395 Beijing XINHUA in English
1259 GMT 12 Feb 95

[FBIS Transcribed Text] Beijing, February 12 (XINHUA)—Chinese Premier Li Peng met with Paul Desmarais, chairman and chief executive officer of the Power Corporation of Canada, and his party here today.

During the meeting, Li spoke highly of the long-standing friendly, cooperative relations between China and the corporation, adding that his country holds a positive attitude to the cooperation.

Li described China as a developing country with huge economic potential and Canada as a developed nation with rich resources and advanced technology. Their economies are highly complementary to each other and there exists a solid foundation and broad prospects for the expansion of bilateral economic and trade relations, he said.

He noted with pleasure the smooth development of Sino-Canadian ties as well as increased exchanges at various levels over recent years.

Canada's unprecedented huge delegation to China last November, led by Prime Minister Jean Chretien, has showed the great importance that the Canadian government attached to its ties with China, Li said.

During the meeting, Desmarais conveyed Li and his wife regards from the Canadian prime minister and Mrs. Chretien, saying that the Canadian leader is expecting Li's visit to his country.

It is very important to further develop Sino-Canadian relations and Canada's Power Corporation and other enterprises are eager to cooperate with China, which was fully demonstrated by the visit of more than 400 Canadian businessmen who accompanied Chretien on his China trip here last year, Desmarais said.

Northeast Asia

Tokyo, Beijing Agree To Increase Flights

OW1202021995 Tokyo KYODO in English 0147 GMT
12 Feb 95

[FBIS Transcribed Text] Beijing, Feb. 12 KYODO—Japan and China have reached an aviation agreement to expand flight services between the two countries,

allowing the new entry of two airlines from each country into the services, Japanese aviation negotiators said Sunday [12 February].

The airlines to enter the services under the accord are China Northwestern Airline, China Eastern Airline, Japan Air System and Nippon Air Cargo, the negotiators said.

They said this will boost passenger and air cargo flights between the countries by more than 20 percent and 2.8 times more than the current levels, respectively, including an additional 25 flights per week connecting the Kansai International Airport and Chinese airports.

Japan Air System plans to launch a service between the Kansai International Airport and Guangzhou this summer, they said.

Official Visit To Urge Firms To List on Japan Exchange

HK1302060295 Hong Kong EASTERN EXPRESS in English 13 Feb 95 p 26

[By Beverly Chau]

[FBIS Transcribed Text] Aiming to pitch for Chinese listings in Japan, the managing director of the Tokyo Stock Exchange, Yoshiaki Kaneko, is planning an official visit to Beijing next month, a senior staff member at Nikko Securities Asia said.

The visit is expected to pave the way for a Sino-Japanese Memorandum of Understanding (MoU) that will be ready for signing before June, according to the official. "We hope this visit will play an active role in building a formal link with the Chinese government and lead mainland companies to the Tokyo board," Nikko's deputy general manager for capital markets, Kuo Tong-hsi, said.

The Beijing visit will include meetings with high-ranking government officials including those from the State Council, the China Securities Regulatory Commission and the People's Bank of China, Kuo said. The largest bourse in Japan has been relaxing rules to allow domestic buyers to invest in foreign companies, especially those in emerging Asian markets.

Last year, modifications in rules allowed Japanese retail investors to invest in Shanghai listed B shares, and listing requirements were loosened to allow small and newly privatized foreign companies to seek a flotation in Japan.

The requirements for listing candidates have been relaxed to at least 10 billion Japanese yen (about HK\$780 million) [Hong Kong dollars] of total assets and 2 billion yen of taxed profits, Kuo said.

Nikko, one of Japan's four largest brokers, has stepped up efforts to lure Chinese enterprises to the Tokyo Stock Exchange, organising seminars for the mainland companies. "There are a number of companies that we think

have potential for listing in Tokyo such as Maanshan Iron & Steel, but nothing can be sure until a state approval is endorsed," Kuo said. He cited the United States and Britain as having signed MoUs as a prerequisite to opening up their doors to mainland stocks. Yamaichi Securities also has an interest in helping firms obtain Japanese listings.

The investment manager at Nikko, Eddie Lam, said Japanese investors favour the mainland's motor-making sector and infrastructure plays. However, the race against the other big exchanges is heated. The Stock Exchange of Hong Kong has considered the launching of depositary receipts (DR). DRs will reportedly be mentioned in the bourse's three-year strategic plan to be disclosed today.

Chen Muhua Led Women's Delegation Leaves for ROK

OW1302050595 Beijing XINHUA in English 0255 GMT 13 Feb 95

[FBIS Transcribed Text] Beijing, February 13 (XINHUA)—A Chinese women's delegation led by President Chen Muhua of All-China Women's Federation (ACWF) left here today for a goodwill visit to the Republic of Korea.

Wang Shuxian, vice-president of the ACWF and member of the secretariat is among the members of the delegation.

Southeast Asia & Pacific

PRC Withdraws Up to 9 Ships Near Spratlys

HK1202063295 Hong Kong RTHK Radio 4 in English 0500 GMT 12 Feb 95

[FBIS Translated Text] Military officials in Manila say that China has withdrawn seven of the nine ships it had deployed near a coral reef claimed by the Philippines in the disputed Spratly Islands in the South China Sea. However, the official said the situation remained a cause for concern because the two Chinese vessels still in the area were warships. A cluster of structures erected by the Chinese above the reef were also still there. It was not clear whether the seven vessels which had left would return. Manila says the reef is part of a group of islands claimed by the Philippines. Beijing claims all the islands, and says it has built a new facilities to ensure the safety of Chinese fishermen.

CPC Delegation Leaves for Vietnam, Laos 13 Feb

OW1302050295 Beijing XINHUA in English 0152 GMT 13 Feb 95

[FBIS Transcribed Text] Beijing, February 13 (XINHUA)—A delegation of the Organization Department of the Chinese Communist Party Central Committee led by its deputy head Wu Lianyun left here today for a goodwill visit to Vietnam and Laos.

The delegation will visit the two countries as guest of the Vietnamese Communist Party Central Committee and the Lao People's Revolutionary Party Central Committee.

West Europe

EU Official Says Countries Ready on Direct Investment

OW1202041195 Beijing XINHUA in English
0229 GMT 12 Feb 95

[FBIS Transcribed Text] Beijing, February 12 (XINHUA)—The European Union (EU) is ready to enhance direct investment in China by backing up member state initiatives, providing financial incentives for joint ventures, and supporting trade promotion activities.

This is stressed by EU ambassador to China in an exclusive interview with XINHUA.

EU is now drafting new policies towards China to specify more detailed ways to strengthen its economic cooperation with the country, said Endymion Wilkinson, head of the EU's European Commission delegation to China. The drafting of new policies is to be completed by the end of April before being submitted to the EU member countries for deliberation, Wilkinson said.

China is now EU's 4th largest trade partner, after the United States, Japan and Switzerland. However, EU is far behind the United States and Japan in terms of investment in China. Urgent measures are needed to "overtake the two countries from behind," the ambassador said. From 1979 to the end of 1993, EU had direct investment in 2,741 projects in China, involving a total contracted investment of 6.947 billion U.S. dollars, of which 2.441 billion U.S. dollars was in place.

Scientific and technological cooperation has been one of the important aspects in EU-China economic relations and starting from this year, China is expected to have more EU scientific research and development programs while EU will expand its aid programs in China focusing on personnel and technical training, with a view to supporting China's ongoing economic reform and improving the commercial environment. EU is also seeking more intensive cooperation in protecting the environment, population control, health care, fighting drug-taking and crimes, and combating hunger and poverty, Wilkinson said.

Speaking of EU-China trade, Wilkinson said the trade volume had grown from 2.4 billion ecu in 1978 to 31 billion ecu in 1993. Because of calculation difference, the EU-China trade was said to be in favor of China last year. But according to Chinese customs official statistics, China suffered a trade deficit of 2.36 billion U.S. dollars with EU, with China's exports valued at 14.58 billion U.S. dollars and imports from EU at 16.94 billion U.S. dollars.

It is normal to see differences in the course of trade development. But the ambassador said that EU "prefers to solve disputes through negotiation rather than resorting to retaliation".

The failure of the talks on China's reentry into GATT would not exert a negative impact on EU-China trade, the ambassador said. China, as a big trading partner, should have its due status in the world trade organization, and this is of global benefit. EU supports China's signatory status in the GATT and hoped for an earlier success of the talks.

EU and China has had good relations, which, he believed, would continue to develop in the direction of popular expectation.

Li Lanqing Pledges To Develop Cooperation With France

OW1302123195 Beijing XINHUA Domestic Service
in Chinese 0740 GMT 13 Feb 95

[By reporter Jiang Jun (1203 6511)]

[FBIS Translated Text] Beijing, 13 Feb (XINHUA)—A "Sino-French economic seminar," cosponsored by the China Council for the Promotion of International Trade [CCPIT] and the Franco-Chinese Committee, opened in Beijing today. Speaking at the opening ceremony, State Council Vice Premier Li Lanqing said China is willing to strengthen mutually beneficial cooperation with France in agriculture, energy, communications, and other basic industries.

He said: France is the first Western country to establish diplomatic relations with New China; it is also one of the countries from which China has imported the most technology. The two economies are highly complementary. China is a developing country that has a long way to go in the development of the agriculture, energy, transportation, communications, and raw and semifinished materials industries. China is willing to strengthen mutually beneficial cooperation with France in these areas. He urged Chinese and French businessmen and entrepreneurs to fully explore issues of common interest during the seminar to find feasible projects for cooperation, thereby pushing Sino-French economic and trade cooperation to new heights.

Former French Premier Raymond Barre is leading some 80 French businessmen and entrepreneurs to the seminar. Barre, who actively pushed for the expansion of Sino-French ties during his tenure as French premier from 1976 to 1981, delivered a speech entitled, "France's Global Economic Policy and the Development of Economic and Trade Exchanges Between France and China," at the seminar's opening. He expressed the hope that France will increase cooperation with China in the automobile, water processing, energy, and petrochemical industries.

According to a briefing by CCPIT Chairman Zheng Hongye, Sino-French economic and trade relations have developed rapidly in recent years, with the total volume of two-way trade amounting to \$3.36 billion last year. As of the end of last June, France had invested in 575 projects in China, had negotiated to invest \$940 million, and had actually invested \$617 million. A number of French-funded enterprises in China—such as the Guangzhou Biaozi Automobile Company, the Sino-French Dynasty Grape Wine Ltd. Company, the China Second Automobile Manufacturing Plant, and the Shenlong Automobile Ltd. Company, which is a joint venture with France's Xuetielong [name as transliterated]—have been successful; and the products of some enterprises are quite well known worldwide. Recently, China and France signed a cooperation project deal on the second-phase construction of the Dayawan Nuclear Power Station.

Germany Denounces EU Import Quota on Chinese Toys

OW1102062595 Beijing XINHUA in English
0329 GMT 11 Feb 95

[FBIS Transcribed Text] Bonn, February 10 (XINHUA)—Germany's Toys Wholesale and Foreign Trade Association has condemned the European Union (EU) for imposing an import quota on Chinese toys, saying it will put "long-term pressure" on Germany's toy imports and foreign trade as a whole.

The EU imposed quota limits on seven major Chinese imports on March 15, 1994, and raised the tariffs on imported Chinese toys on January 1, 1995.

In a telephone interview, the secretary-general of the association, Walter Mackholt, told XINHUA that Germany's toy market, as well as the toy markets in the whole of Europe, will be plunged into chaos without the supply of Chinese toys.

About 70 percent of Germany's toys are imported, and one third of the imports come from China, Mackholt said.

The secretary-general complained that the EU had reached its decision under pressure from only one or two of its member countries and had failed to take into account the interests of the majority, especially those who favor free trade.

He described the EU's decision as "not understandable."

He pointed out that China is a rapidly-developing market and the United States and Japan have already gained the upper hand there.

Germany in May 1994 set up an economic institution in Beijing to promote bilateral trade with China, but "our effort has been thwarted by the EU's import restrictions on China," said Mackholt.

The secretary-general said Germany will always support free trade and hopes the EU will lift its import restrictions on China.

He said his association has written to Germany's federal economy minister, Guenter Rexrodt, urging him to "spare no effort to promote free trade worldwide, including trade with China, in negotiations."

Jiang Enzhu Selected as Envoy to London, Hong Kong

IK1102065195 Hong Kong LIEN HIO PAO in Chinese
11 Feb 95 p 1

["Special report from Hong Kong": "Beijing Makes Internal Decision To Appoint Jiang Enzhu to Work in Hong Kong After 1997 Along With the Military Commanding Officers To Assist the Chief Executive in Ruling Hong Kong"]

[FBIS Translated Text] While soliciting the opinions of people from all walks of life in Hong Kong to discuss the candidates for the first Chief Executive of the Hong Kong Special Administrative Region [SAR], the Chinese side is also considering candidates for its most senior representative stationed in Hong Kong. The mainland's present vice minister of foreign affairs Jiang Enzhu is the candidate who has been chosen at the highest level but not yet officially announced.

According to diplomats, Jiang Enzhu will possibly replace Ma Yuzhen as Ambassador to London in the near future and then take up the post of Director of the Hong Kong Affairs Office under the Ministry of Foreign Affairs in charge of Hong Kong's foreign affairs.

In accordance with the provisions of the Basic Law, the Hong Kong SAR will enjoy a high degree of autonomy and will have executive authorities, a legislature, and judicial organs.

Under a larger framework, there will be a special separation of three powers in the Hong Kong SAR. To put it another way, parallel to the Chief Executive, there is the representative to Hong Kong of the Ministry of Foreign Affairs, and the military commanding officers (including the commander and political commissar).

According to requirements of the Basic Law, the military commanding officers are responsible to the central government exclusively for matters pertaining to the defense of the Hong Kong SAR; they are only responsible to the Central Military Commission and accept the commission's leadership.

In accordance with the Basic Law, the Ministry of Foreign Affairs will set up an office in Hong Kong to handle Hong Kong's foreign affairs. However, after 1997, the ministry's representative to Hong Kong will not directly issue orders to the Hong Kong Government on many affairs and will instead manage the Hong Kong SAR's foreign affairs in accordance with the Basic Law and will not interfere in some of the foreign affairs which the SAR is entitled to decide according to the law's provisions.

The representative of the Ministry of Foreign Affairs in Hong Kong will play an important role in the days to come. After 1997, the Hong Kong Branch of the XINHUA NEWS AGENCY will become a pure news organization and a organization managing CPC affairs in Hong Kong will be set up from within the agency. The foreign ministry's representative to Hong Kong will become the most senior official sent to Hong Kong by the central government, in addition to the independent [du li de 3747 4539 4104] military commanding officers.

It has been reported that the top-level leaders have attached extremely great importance to the choice of the representative. After lengthy deliberation, Zhou Nan, the current director of the Xinhua Hong Kong branch, who is over 67, has been dropped from the list of candidates under consideration.

Formally, the Ministry of Foreign Affairs and the State Council once considered Ma Yuzhen, the current ambassador to London, for the post of the representative and planned to transfer him to Hong Kong to take over Zhou Nan's post to ensure a smooth transition. Ma Yuzhen is a capable person who is in his element under Foreign Minister Qian Qichen. He has been the director of the Information Department of the Ministry of Foreign Affairs and the consul general to Los Angeles and took up his post in London in 1991.

His tenure of office will have expired but, unfortunately, he is already 61 and has passed the retirement age of an official at the departmental level.

Jiang Enzhu, who turned 57 in December this year, comes from Jiangsu's Gaoyou, no more than 50 kilometers from Yangzhou, and is thus a near fellow-townsmen of Jiang Zemin. Upon graduation from the English Language Department of the Beijing Foreign Language College in 1964, he was assigned to work in the Ministry of Foreign Affairs and worked in the embassy in London for 12 years as a second secretary. He was head the English Section of the Department of West European Affairs under the Ministry of Foreign Affairs, was the department's deputy director and director, and later was promoted to Assistant Minister by Qian Qichen, who took a fancy to him. After Zhou Nan began working in Hong Kong in 1990, Jiang Enzhu was promoted to Vice Minister in charge of West European affairs.

In private, Qian Qichen has greatly appreciated Jiang Enzhu's bearing as a career diplomat who is both firm and gentle but neither angry nor irritable. He was praised on many occasions by Jiang Zmin for his uncompromising performances during the Sino-British talks on the political structure.

The future representative of the Ministry of Foreign Affairs in Hong Kong will not only have lateral working connections with the Chief Executive but will also have many dealings with Britain. As he is familiar with Britain's diplomacy, economics, politics, and even

human geography, Jiang Enzhu is the most likely successful candidate. He will possibly take over the post of Ma Yuzhen as Ambassador to London, and, after familiarizing himself with the current British government officials and politicians for a period of time, he will be transferred to work in Hong Kong after 1997.

East Europe

Qian Qichen Interviewed by Polish State TV Reporter

OW1102082295 Beijing XINHUA in English
0806 GMT 11 Feb 95

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen gave an interview to Radek Sikorski, host of the "Interview of the Month" program of the No. 1 Polish State Television, here today.

During the interview, Qian answered questions covering the international situation, China's policy towards central Europe, Sino-Polish relations as well as the country's reform, opening-up, and economic development.

XINHUA Interviews Slovenian Prime Minister on Visit

OW1202022695 Beijing XINHUA in English
0123 GMT 12 Feb 95

[FBIS Transcribed Text] Ljubljana, February 12 (XINHUA)—Developing comprehensive friendly relations with China is in keeping with the long-term strategic interest of Slovenia, Slovenian Prime Minister Janez Drnovsek said.

In an interview with XINHUA before his official visit to China, Drnovsek said Slovenia will continue to promote all activities designed to deepen mutual understanding and its cooperation with China.

He noted that since Slovenia and China established diplomatic ties in May 1992, bilateral relations have been expanding rapidly. The exchange of visits by the foreign ministers of the two countries gave a fresh impetus to the development of such relations.

"We note with satisfaction that there are no pending issues between the two states," the prime minister said, adding that bilateral cooperation is going on in various fields and at various levels.

He said that the two countries have concluded several agreements to foster trade and economic cooperation, investment, educational and cultural exchanges, and scientific and technological cooperation.

Drnovsek said that during his visit, an intergovernmental committee will meet in Beijing to discuss trade and economic cooperation, and the accompanying Slovenian businessmen will hold business talks with their Chinese counterparts in Beijing and Chengdu.

"The potential for economic co-operation is great," he added.

As for the situation in Slovenia, he said, "We are proud of what we have achieved in Slovenia over the last few years both in the economic and political spheres."

He said Slovenia is being increasingly recognized in the world as a country which has been successful in carrying out reforms, stabilizing the economy and curbing inflation.

Slovenia has a per capita GDP of more than 6,000 U.S. dollars, and its growing exports are accounting for 60 percent of GDP. Its foreign exchange reserves are increasing and enough to cover the country's foreign debt.

On his country's external relations, Drnovsek said Slovenia has proposed to conclude an agreement on associated membership with the European Union (EU) and agreements on establishing free trade zones with the European Free Trade Association (EFTA) and the Central European Free Trade Association (CEFTA).

Slovenia is also committed to strengthening economic cooperation with partners outside Europe, especially with China, which is one of the fastest-growing economies in the world.

He stressed that his country has actively worked for a peaceful and just settlement of the hostilities in former Yugoslavia.

He said the basic condition for establishing peace in this region is the mutual recognition of the states involved, within their internationally recognized borders.

Drnovsek reiterated that Slovenia is committed to maintaining good relations with its neighbors and to participating in economic, cultural, scientific and, above all, security structures in Europe.

While EU member states account for 70 percent of Slovenian foreign trade, he said, Slovenia also wishes to enhance cooperation with non-European countries.

Political & Social

Further Reportage on Deng Xiaoping's Health

Paper Cites DER SPIEGEL Report

HK1202074095 Hong Kong MING PAO in Chinese
12 Feb 95 p B1

[Report: "Doctor Hints Deng Xiaoping Is Hospitalized, Drastic Changes May Take Place Any Time"]

[FBIS Translated Text] The German weekly DER SPIEGEL, which is to come off the presses on Monday, carries a signed article quoting a doctor who carried out medical checks on Deng Xiaoping as saying that Deng is suffering from Parkinson's disease and serious brain blood circulation problems, which could prove "dramatic" [ju bian 0489 6239] at any moment. Deng's current condition is very much like the last days of Mao Zedong. This is the first time a physician for Chinese leaders has openly disclosed the health of Deng Xiaoping. Kremb, the German author of the article, told MING PAO yesterday that noted Chinese doctor Wu Jieping carried out a medical checkup on Deng Xiaoping on 5 January. During an interview given on 8 February, Wu hinted that Deng's health is deteriorating [jian kang bu xing le 0256 1660 0008 5887 0055], and could prove fatal [sheng ming wei xian 3932 0730 0604 7145] at any time, and that Deng is already hospitalized.

DER SPIEGEL released the dispatch yesterday. On the same day, a Chinese channel of New York television broadcast an interview given by Deng's daughter, Deng Rong, on Deng Xiaoping's health. During the interview, Deng Rong continued what she had said about Deng Xiaoping's health on two recent public occasions, describing his health as not so serious as reported by foreign media. She also said that Deng Xiaoping spend the spring festival with his family members in Beijing. Moreover, she stated that the succession of the second to the third generation of collective Chinese leadership has been completed.

Wu Jieping is a noted Chinese urological expert, responsible for the health of senior leaders. In a telephone interview given to MING PAO yesterday, Kremb said that when he was informed of the medical checkup on Deng Xiaoping carried out by Wu Jieping on 5 January, he immediately interviewed Wu Jieping at 0830 (Wednesday) on 8 February. At that time, Wu Jieping did not deny his meeting with Deng Xiaoping. Kremb gave the interview to MING PAO in Mandarin.

Kremb said that Wu Jieping had given medical treatment to Mao Zedong and other Chinese leaders. He also had carried out medical checkups of Marcos and others. Although Wu Jieping did not personally say that Deng Xiaoping is expected to die at any moment [wei zai dan xi 0604 0961 2481 1119], in the interview, which lasted an hour, Wu Jieping made hints time and again. Kremb said: We know from what Wu Jieping hinted that Deng

Xiaoping is critically ill and that he is hospitalized. Wu Jieping told Kremb that if the situation of a patient is very serious, he must be hospitalized.

Reporter Told MING PAO That the Article Was Read by Doctor

According to foreign dispatches that quoted DER SPIEGEL, the blood supply to Deng's brain is no longer assured, nor is his heart getting enough blood, which may prove "fatal" at any moment. Deng Xiaoping's current situation is very much like Mao Zedong during his last days. Moreover, Deng is suffering from Parkinson's disease, which has affected his nervous system. In his article, Kremb described a "Deng who could die at any moment." He also said that the full text of the interview was read by Wu Jieping.

According to yesterday's foreign dispatches, however, DER SPIEGEL—which is to come off the presses tomorrow—will say only that Deng's situation may be "fatal" at any moment, but will not use the word dying—as written by Kremb—at any point. This year, Deng broke a seven-year tradition of spending the Chinese lunar new year in Shanghai, which triggered more foreign conjectures about his health.

During an interview given to a Chinese channel of New York television, Deng Rong said that despite her father's not appearing in public at the Spring Festival, the family had a good time and her father did not have any illness, except that he was advanced in age. She also said that all her family members had had a long life. Although Deng Xiaoping's stepmother is now 94, she is still in good health. Deng Rong said: "One dining table is not enough, and we must have two for a family of 17. When it is time for dinner, the atmosphere is bustling with noise and excitement." She also said that her father's health and longevity was related to the their happiness and family atmosphere.

Deng Rong also called on the world to shift their attention from Deng Xiaoping to the new generation of Chinese leadership. She said: "China has effected a political transition from the second to the third generation of leadership. The transition is now complete." Deng Rong is now promoting the sale of the English edition of her biography, *My Father Deng Xiaoping*, in the United States. She is collecting material to continue writing the second volume, which will focus on her father's experiences from the founding of the PRC to his retirement. During an interview given to THE NEW YORK TIMES at the end of last month, Deng Rong described her father's health as deteriorating day by day. However, in an interview given later to Australian and French media, she denied making such remarks.

Doctor: 'Rapid Change' Possible

HK1202054595 Hong Kong SUNDAY HONGKONG
STANDARD in English 12 Feb 95 p 1

[Unattributed report]

[FBIS Transcribed Text] China's paramount leader Deng Xiaoping has circulation problems and his health could face a "rapid change" at any time, one of his doctors says. "Blood circulation in the brain is no longer fully functional and the heart is also no longer getting enough blood," Dr Wu Jieping told the German news weekly *Der Spiegel*. Dr Wu was described as one of the team of doctors treating the 90-year-old patriarch. The doctor told the magazine, which released the comments yesterday in advance of publication, there could be a "rapid change" of the patriarch's health at any time. Dr Wu also said Mr Deng suffered from Parkinson's Disease, which affects the nervous system. "Such ailments accumulate at this age," he said.

Meanwhile, Mr Deng's daughter Deng Rong said in New York her family had a history of long life and that her father had celebrated the Lunar New Year in good health. In an interview with the New York-based Chinese television station Sino-vision, Ms Deng said her father was not ill. "Although my father did not appear in public during the Lunar New Year, we (our family) had a nice time privately. "Even though he is old, he is fine. You don't have to worry about his health," she said.

'Blood Circulation Disorder' Cited

OW1102130195 Tokyo KYODO in English 1246 GMT 11 Feb 95

[FBIS Transcribed Text] Frankfurt, Feb. 11 KYODO—China's patriarch Deng Xiaoping's health could change for the worse at any time because he has a blood circulation disorder, a weekly magazine claims by quoting one of his medical team.

The issue of *DER SPIEGEL* to go on sale Monday quotes Wu Jieping as saying blood circulation of his brain has weakened and not enough blood is getting to his heart.

"(Deng's condition) could take a sudden turn for the worse any time," Wu said.

Deng, 90, failed to appear in public on Jan. 30, the eve of the Spring Festival, fueling speculation that his health has deteriorated. Over the past several years, Deng had always appeared on television on the festival's eve.

Deng Rong Clarifies Remarks on Deng's Health

HK1202084495 Hong Kong WEN WEI PO in Chinese 12 Feb 95 pp a2-a3

[Edited "exclusive" interview with Deng Rong by QIAO BAO news coverage director Feng Wen-chuan (7458 2429 6898) and correspondent Li Chien-wei (2621 1696 0251) in New York 10 February: "Full Text of an Exclusive Interview with Deng Rong on Mr. Deng Xiaoping's Health and Sino-U.S. Relations"]

[FBIS Translated Text] Editor's note: On the afternoon of the 10th, Deng Rong (aka Xiao Rong and Deng Maomao)—author of *My Father Deng Xiaoping*, National People's Congress deputy, and vice president of

the China Association for International Friendly Contacts—gave an exclusive interview at the Waldorf Hotel in midtown New York, where she was staying, to Feng Wen-chuan, news coverage director of QIAO BAO [*OVERSEAS CHINESE POST*] of New York, and its correspondent, Li Chien-wei. The full contents of the interview have been arranged and presented to readers as follows [end editor's note]:

[QIAO BAO] The book *My Father Deng Xiaoping* was a sensation following its publication. Our newspaper has been awarded the exclusive right to serialize it in the United States, and the series has been very popular with readers. You have just come back from France. Can you first tell us something about the publication of the French edition of your book?

From a Foreign Child Laborer to a Professional Revolutionary

[Deng] In September 1993, the book *My Father Deng Xiaoping* was published simultaneously in mainland China, Hong Kong, and Taiwan, and has received much attention. The main reason is not that my book has been well written, but because many people in China and overseas are greatly interested in the legendary life of Deng Xiaoping. There had been many biographies of Deng Xiaoping before in Hong Kong, Macao, Hungary, and Germany. As Deng Xiaoping's daughter, I felt that I understood him better. I had stayed with him many years, which made me wish to put down his whole life in writing. I felt I had a historical responsibility to write a book like this.

The book naturally caught the attention of foreign friends. Many countries have published it in their own languages, among them Japanese, Korean, Thai, and French. I have just attended an inaugural ceremony in France for the French edition of the book. I stayed there for a total of seven days. The day I left France, the book was already sold out in Paris. This is mainly because 1) French people are more serious about history and like reading historical books. My book concerns incidents before 1949, and French people are very interested in Chinese history and in the historical story of Deng Xiaoping. They also like this book very much.

2) For more than five years, my father stayed in France as a student under a work-study program. He was only 16 when he arrived in France in 1920. He went to school for three months and then dropped out, for he had run out of money. Like many work-study program students, he was in the difficult straits of having lost both his study and his work. He later found work, as did other Chinese overseas students, that in today's phrase is called getting a job. So he never really studied in all of his four- to five-year stay in France. He spent the whole of this period working, and as a foreign laborer at that. As he was underaged, he was a foreign child laborer to start with. From the various intellectual thoughts then current in Europe, he chose communism as his ideal, which

finally became the target of his lifelong struggle and turned him into a professional revolutionary.

A great many pages in my book are devoted to stories from this period. I studied and verified a massive amount of material, and interviewed some of the people involved. I have written not only about Deng Xiaoping himself, but also about people who studied, lived, and fought with him during that period in France.

A Second Reprint for the French Edition Is on Its Way

French friends are very interested in the lives of Chinese work-study students in France in this period. That is why they valued this book very much. In Paris, my friends wanted to buy the French edition of my book—published by Lafayette—but they could not find one. The publisher is working on a reprint.

[QIAO BAO] Can you tell us something about the English edition?

[Deng] In the United States, my book is published by Foundation Books. When the Chinese edition came out in 1993, I immediately got into contact with American publishers, and finally picked this one. Cooperation between us has been very good. To meet the demands of American readers, I had mentioned re-editing or some deletions for fear that the book might be too long. For foreign language editions, I have made some deletions from the book because some of the stories about Chinese history are just too complicated. They can be explained in greater detail to Chinese readers—though not of them can understand well when the stories become too involved. One example is the period of civil wars between warlords during the era of the Republic of China, the writing of which I felt was quite taxing. After the Chinese edition was launched, many Chinese friends told me: Xiao Rong, your book is too rich in historical detail, which end up rather confusing. That is why I was thinking that it would be even more difficult for foreigners to understand if foreign language editions followed the Chinese edition exactly because they are very unfamiliar with Chinese history. Therefore, in foreign language editions I have abridged some sections concerning the historical background. The Chinese edition numbers 460,000 characters, and over 10,000 have been cut from foreign language editions. A total of 460,000 characters make rather a long book, but I could not bear cutting any of them, as I was the one to write them. In abridging the book, I have struck out the names of the persons involved in some incidents when it appeared that there were too many, but I have preserved names familiar to all, such as Zhou Enlai, Zhu De, Chen Yi, and so on. The Chinese edition tries as much as possible to preserve the names of these revolutionaries, but some of them are deleted in foreign language editions.

I Was Particularly Mad at THE NEW YORK TIMES

When negotiating with the French and American publishers, I told them: If you think the book is rather

long-winded and takes too much effort to read, then in order to get the book to reach more readers, you can make some deletions, provided they do not contradict my original intentions. What was touching to me was that the publishers of all the Japanese, Korean, French, and English editions respected my original writing, and basically did not change or cut it. It was heartening for me to see my writing accepted by foreign publishers and presented truthfully to readers in its entirety.

[QIAO BAO] Both THE NEW YORK TIMES and the WEEKEND AUSTRALIAN interviewed you and reported on the health of your father. The former described your father's health as "declining day by day," but the latter stressed that you did not say "declining day by day." Do you think a further clarification or explanation is in order?

[Deng] I did not have a chance to read the report by the WEEKEND AUSTRALIAN, but I was particularly mad at THE NEW YORK TIMES. Friends of mine were talking about demanding compensation from THE NEW YORK TIMES for their losses on the stock markets (laughter). They spoke to me: Look, my stocks are falling in price. What nonsense have you been babbling about? I said: You go to the THE NEW YORK TIMES and to ask them to compensate you for your economic losses (laughter).

They kept asking me whether or not my father was healthy. I felt it was simply unthinkable. I said: Will you please stop harping on this problem. You should understand that after all, Deng Xiaoping is an old man, over 90 years old. He will only get older day by day; he can't possibly get younger day by day. And there will be a day when Deng Xiaoping is no longer around. This is a law of nature. So will you stop fixing your eyes on the problem of Deng Xiaoping's physical health. China has completed the leadership succession process from the leaders of the second generation to those of the third, so I hope that you can concentrate more on the leaders of the new generation. China's future is closely related to them. Deng Xiaoping has retired already. This was what I told him (THE NEW YORK TIMES reporter). These are my original words.

In the end, however, he (THE NEW YORK TIMES reporter) used "declines day by day" [preceding four words printed in English] in describing Deng Xiaoping's health, but did not publish my following remark "he can't possibly get younger day by day." As a result, he expressed what I said—in four to five sentences—in one sentence, thereby changing my meaning. He then headlined that Deng Xiaoping's physical health had seriously deteriorated (fall sharply) [preceding two words printed in English] over the last few months. You can look up the original. Those were not my original words. Moreover, he described Deng Xiaoping as already "unable to stand, walk, or turn his body." It is true that he was citing my words; but in his quotations, things became Deng Xiaoping "not using the wheelchair" and "refusing to

use the "wheelchair." What I told him was: Deng Xiaoping now does not like using the wheelchair, and it is not necessary for him to use one [xian zai bu yuan zuo lun yi 3807 0961 0008 1959 0976 6544 2783, bu yong zuo lun yi 0008 3938 0976 6544 2783].

Overseas People Are More Sensitive to Deng Xiaoping's Health

It is not unusual for old people in China first to grow old in the legs, so he (Deng Xiaoping) now cannot walk two or three km a day like he did before; instead, he needs someone to support him by holding his arms when walking. This is something quite natural, but he still can walk. However, they (referring to THE NEW YORK TIMES) said that he could not stand up. So I feel that the reporter for THE NEW YORK TIMES distorted what I said for his own purpose, did not respect my words, and by giving an unauthentic report he did not respect me. In fact, this was nothing serious. If Deng Xiaoping's health really was worsening, I would not be able to go out to visit France and the United States. As everyone knows, in that situation, I may give him more help if I stay at home, so if he really was in poor health, it is certain that I would not go abroad.

In addition, people in our country are not as sensitive to this issue (Deng Xiaoping's health) as those overseas. This is because in our country, people are concerned about too many other questions, such as economic issues, making money, and running companies. So this is absolutely not the sole problem people care about.

[QIAO BAO] Can you give us more details about your family's activities to celebrate the Spring Festival this year? In previous years, your father used to go to Shanghai, but there is no such report this year.

[Deng] A French reporter asked me that same question. He did not go to Shanghai during the Spring Festival. (interviewer interrupts: Did he go there other times?) [Deng] We spent seven Spring Festivals in Shanghai.

Having a Very Happy Spring Festival This Year in Beijing

We spent the Spring Festival in Beijing this year, and we had a very happy festival there. This year, firecrackers were banned in Beijing, but Chinese people have the habit of hearing some noise during that festival. I do not know what tradition this is. So after banning firecrackers, people in many large cities in China this year took to a new method to replace firecrackers. That is, they bought balloons, and blew up the balloons to so big (using her hands to make a size as big as a basketball). Then, after midnight on New Year's Eve, they began to tread on the balloons, and make them crack and burst. (laughs)

[QIAO BAO] Did your family also play the game of treading on balloons?

[Deng] All members of my family spent one and a half days blowing up 2,000 balloons. (laughs—interviewer interrupts: So many?) My family is a big one, and there are many working people: 17 people in four generations. As soon as midnight came, my parents and I watched the game together, but they did not take part. All of us—that is, their children and grandchildren—trod on the balloons together, and we finished treading on all balloons in just 10 minutes. It was a real happy and noisy atmosphere. (laughs)

[QIAO BAO] Did you tread on the balloons inside the house?

[Deng] Of course, inside the house. It was too cold outside.

[QIAO BAO] Did your father also blow up balloons? (all laugh)

[Deng] (laughs) We blew up balloons with foot pumps, and did not use our mouths; your method is too backward. When the shops sell you balloons, there are attached air pumps inside the boxes. Do you also use such pumps in the United States? That day, my father was very happy. My whole family also took group photos on New Year's Eve.

The Second Volume Will Comment on Some Historical Events

[QIAO BAO] You said that you were writing the second volume of *My Father Deng Xiaoping*. Can you tell us the main contents of the new volume?

[Deng] The first volume covers my father's political career before 1949, and the second volume will include an account of many important events in the last 45 years since 1949 because my father was involved in these events. I will respect history, and will include my comments on the historical events. Now I have begun to interview many people who personally witnessed or experienced those events, including some old members of the CPC Central Secretariat. One of them was not in good health, so I had to interview him several times, and the interview lasted a total of nine hours. Other witnesses are still young, so I do not need to interview them in a hurry. I do not have any assistant for writing the book, and I have to do everything myself, including the work of collecting information and writing.

[QIAO BAO] You once worked with the Chinese Embassy in the United States, and are familiar with conditions in the United States. Your father also has visited the United States, and attaches importance to Sino-U.S. relations. Can you tell us your personal opinion on Sino-U.S. relations and their future prospects?

[Deng] I think that my father, like other Chinese leaders, always tries to promote the development of relations between the two countries—China and the United States—and the development of friendly relations

between the two peoples. He has visited the United States personally, and he has received many, many American guests. He has built up good personal friendships with many American leaders and famous American people.

Deng Xiaoping Is Always Concerned About Sino-U.S. Relations

In addition, at the most difficult moment of Sino-U.S. relations, he still was always full of confidence in promoting the restoration and development of Sino-U.S. relations. I think that my father is not only a statesman, but also a diplomat. International affairs were always an important aspect in his political life. Similarly, Sino-U.S. relations are always an issue he is concerned about.

As for the future prospects of Sino-U.S. relations, I want to quote a very good verse written by Chairman Mao: "One should range one's eye far on a long vista." That is, we should approach things from the overall and long-term point of view, and should not be limited to a certain event in a certain period of time, or approach things merely according to some specific interests or the interest needs of some politicians in some political events. This is also the same for Sino-U.S. relations. This issue should be approached from the long-term and overall point of view in international affairs, and from a strategic point of view. In general, therefore, we should continue to promote the development of friendly relations between the Chinese and American peoples, and should continue to promote the two nations' cooperation in various fields. This should be our approach to Sino-U.S. relations. Still, only the general prerequisite of consultation and cooperation will be able to bring benefit to both peoples and nations. In addition, peace and development are what we are going to pursue in our current era, so Sino-U.S. relations should be considered as a major international issue under the general premise of seeking peace and development.

This Year Will Be One of Good Fortune for Chinese People

[QIAO BAO] Miss Deng, we express deep gratitude to you for enabling us to interview you, and we wish you every success in your current visit. In conclusion, would you please say something to Chinese people living in the United States?

[Deng] I previously worked with the Chinese Embassy in the United States, and I knew many overseas Chinese

friends and American Chinese friends. I still maintain good relations with many of them, even now. It is not easy for Chinese people to live in foreign countries, but our compatriots still can get along on good terms with local people, and make great contributions to local development. The motherland is the strong backing for them. So I wish for them to continue succeeding in this place and leading happy lives. This is the Year of the Pig, so it is a year of good fortune for us Chinese people, a year of making great fortunes. So I want to say to all my overseas Chinese and American Chinese friends: First, I wish them all have a happy new year; second, I wish for all of them make good fortunes and get rich.

Deng Rong Says Deng 'Especially Happy'

HK1302041995 Beijing ZHONGGUO XINWEN SHE
in Chinese 1110 GMT 12 Feb 95

[FBIS Translated Text] New York, 12 Feb (ZHONGGUO XINWEN SHE)—Deng Xiaoping's daughter Deng Rong disclosed here today that Deng Xiaoping spent Spring Festival in Beijing this year, adding that he spent the festival especially happily.

Deng Rong arrived in New York yesterday to attend a ceremony to mark the first edition of the English version of her book *My Father Deng Xiaoping*.

During an interview with a CHIAO PAO [OVERSEAS CHINESE DAILY] reporter, she said that many big cities including Beijing prohibited firecrackers and fireworks displays during this year's Spring Festival. Some Chinese who like to hear loud noises during the Spring Festival thought up a new method to act as a replacement: Popping balloons with their feet to listen to the noise. Deng Xiaoping's family was no exception.

Deng Rong said: "Seventeen members of four generations of our family were mobilized to spend the whole day blowing up 2,000 balloons. At 12 o'clock (on Lunar New Year's eve), my father and mother watched us and his (Deng Xiaoping's) grandsons and granddaughters trampling on the balloons. We finished trampling in 10 minutes, which made the atmosphere quite exciting. My father was especially happy that night. Our whole family also had a group photograph taken on 31 January."

Of her father's concerns about Sino-U.S. relations, Deng Rong said that during a most difficult period of Sino-U.S. relations, Deng Xiaoping had confidently devoted his efforts to promoting and developing these relations.

In her opinion, her father is a statesman and a diplomat as well. "International issues have always been an important component of his political life, while Sino-U.S. relations are always among his concerns."

Shanghai Papers Carry Deng Rong's Remarks on Deng

HK1302104095 Hong Kong AFP in English 1009 GMT 13 Feb 95

[FBIS Transcribed Text] Shanghai, Feb 13 (AFP)—A XINHUA NEWS AGENCY report that Chinese patriarch Deng Xiaoping was well and spent the Lunar New Year bursting balloons with his family was given prominence Monday in Shanghai but ignored by Beijing newspapers. Shanghai's Liberation Daily [JIEFANG RIBAO] and Wen Hui daily [WEN HUI BAO] printed the XINHUA report on their front pages. The Xinmin Evening News [XINMIN WANBAO] carried it Sunday.

The report was based on an interview given by Deng's daughter Deng Rong to the Overseas News [QIAO BAO] in New York where is promoting her biography of the paramount leader, "My Father: Deng Xiaoping." [sentence as received]

It was the third time in two months that Shanghai newspapers were alone in China to cover the 90-year-old Deng, who has not been seen in public since he came to Shanghai a year ago to spend the same Chinese New Year holiday. Political observers were baffled by the coverage of Deng's health. But they pointed out that Shanghai was the powerbase of President Jiang Zemin who was widely seen as Deng's heir apparent. Deng broke a seven-year tradition of spending the Festival in Shanghai this year, giving rise to speculation about his health which rocked share markets here and in Hong Kong. Last month, Deng Rong gave an interview to THE NEW YORK TIMES in which she said her father's health was "declining day by day."

In January, the Liberation Daily, which is close to the Deng family, was the only known major Chinese newspaper to publish a photograph distributed by the semi-official China News Service, of a frail Deng watching fireworks on October 1, China's national day, last year. On February 5, the Liberation Daily was again the only newspaper to publish a report distributed by the China News Service based on an interview Deng Rong gave in Paris where she was promoting her book. Deng Rong in that interview said her father's health was "still not bad" and that he watched television, read newspapers and had his meals with his grandchildren every day.

Zhao Zhijian, secretary in the editor-in-chief's office of Wen Hui daily, said the XINHUA report published Monday was dealt with "as a matter of routine" and because "its contents are important." Shu Renqiu, Xinmin Evening News' senior editor, said of the decision to use the report: "It was a XINHUA report. We thought it was a good report so we used it." "Everybody

is concerned about Deng's health and Deng Rong concretely replied all questions so we put it in a prominent position on the front page," Shu said, adding the report was even more prominent in the Liberation Daily. [sentence as received]

The report in the Liberation Daily carried more details and quoted Deng Rong as saying that her father could still walk during Spring Festival which fell on January 31 and that Deng enjoyed himself watching his children and grandchildren stepping on balloons. Deng's family members burst balloons to emulate the sound of firecrackers which were traditionally burned to usher in the Spring Festival but which were banned in Beijing since last year.

Deng Rong told the Overseas News reporter that "there was a report in THE NEW YORK TIMES recently which misunderstood my comments on my father's health." "If the situation was so bad, this time I would not have visited the United States and France," she said.

Jiang Said 'To Strengthen' Post-Deng Position

OW1302122595 Tokyo SANKEI SHIMBUN in Japanese 12 Feb 95 Morning Edition p 5

[By Masaru Soma]

[FBIS Translated Text] Hong Kong, 11 Feb—A diplomatic source in Hong Kong disclosed on 11 February that the CPC Propaganda Department has recently ordered the mass media to give priority to reports on activities and lectures by CPC General Secretary Jiang Zemin. Earlier this year, the Chinese mass media and pro-China Hong Kong newspapers reportedly received the unusual instruction that reports on Jiang Zemin should be given priority over those on old leaders, such as the nation's supreme leader Deng Xiaoping. The policy of media control is reportedly aimed at easing the impression the country is "ruled by elders", and China watchers note the policy is Jiang Zemin's attempt to strengthen his position in preparation for the "post-Deng Xiaoping" political era.

According to the diplomatic source, General Secretary Jiang Zemin, Premier Li Peng, and some other CPC leaders called on old leaders, including Deng Xiaoping and conservative leader Chen Yun, shortly before the Chinese New Year (Lunar New Year) on 31 January. However, the CPC classified photographs and records of the courtesy visits have become "internal-use only" information, and the Propaganda Department took away most of photographs.

The source said the Chinese leadership did not want the photographs and reports leaked overseas because they might be used in China for undesirable purposes.

The CPC Propaganda Department has already banned the mass media's publication of photographs of old CPC leaders and quotations of their remarks. Deng Xiaoping's photograph, which was carried in an album celebrating 1994 National Day, was publicized only by

ZHONGGUO XINWEN SHE [CHINA NEWS SERVICE], a news service for Chinese overseas. JIEFANG RIBAO [LIBERATION DAILY], the organ of the CPC Shanghai Municipal Committee, was the only domestic news outlet that introduced the photograph to its readers.

SHENZHEN TEQU BAO [SHENZHEN SPECIAL ECONOMIC ZONE HERALD] frontpaged a photograph of former President Yang Shangkun last month. Only three days later, the paper also frontpaged a photograph of Jiang Zemin shaking hands with Deng Xiaoping. This was reportedly ordered by the Propaganda Department working for Jiang Zemin.

SING TAO JIH PAO, a neutral newspaper in Hong Kong, said in its 11 February edition that the CPC Propaganda Department prohibited the Deng family from publicizing their family photograph taken in Beijing during the latest Chinese New Year. "Media control" is being strengthened in China.

On the other hand, there are an increasing number of reports about Jiang Zemin. The Chinese press media are carrying out a positive campaign to promote study Jiang's eight proposals on the Taiwan issue.

Commenting on this, the source said: "It appears these frequent reports on the Jiang proposal are aimed at demonstrating his leadership to secure his position as the successor of Deng Xiaoping, who is reportedly seriously ill."

The media control policy even restricts remarks by Deng Xiaoping's family. His third daughter Deng Rong has told a U.S. newspaper that the "health of my father (Deng Xiaoping) is getting worse day by day," and "he can neither sit up nor stand."

However, she later told a French newspaper in Paris, "he can walk by himself." SING TAO JIH PAO said her earlier remarks were made "under pressures from Jiang Zemin and other Chinese leaders."

The source said he believes "these reports were made in connection with Jiang Zemin's strong desire to reinforce his own power as much as possible while Deng Xiaoping is alive."

Journal Views Deng-Jiang Power Transfer

HK1302091595 Hong Kong CHING PAO in Chinese
No 211, 5 Feb 95 pp 20-22

[Article by Chang Mu (1728 3092): "Deng Xiaoping Made Last Political Testament a Long Time Ago; Jiang Zemin Adopts Measures for Maintaining Stability in Post-Deng Period"]

[FBIS Translated Text] With the coming of the New Year, the CPC authorities seem to be facing many difficult problems such as inflation, property rights reform in state-owned enterprises, the arrangements for workers becoming jobless with the implementation of

the "Bankruptcy Law," the arrangements for 3 million cadres to be removed from office in the next three years with the streamlining of the government institutions, the failure to really improve Sino-U.S. relations and the consequent failure to re-enter GATT, and the difficulty in making a breakthrough in cross-strait relations due to the political disparities. All these have caused concern to people inside and outside the country. However, people's attention is still focused on whether the CPC top authorities will be able to maintain stability and the orientation of their policies in the future.

Not long ago, it was reported that the Third Session of the Eighth National People's Congress [NPC] would be held between 3 and 5 March. This showed that the authorities were still carrying out reforms and building up the new market economic structure according to the existing schedule. As expected, the time of the NPC session was moved further forward so that it can better examine and supervise the government's work in the coming year and can more effectively formulate the yearly plan. According to the meeting agenda, in addition to passing the "Education Law" and the "Bank Law," the NPC will also deliberate on the Ninth Five-Year Plan for achieving the second-step strategic objective by the end of the century. Other parts of the agenda are similar to those in previous sessions. Various signs show that some personnel changes are being considered but it is hard to say whether such changes will be made at the forthcoming NPC session.

Deng's Talk During Southern Inspection Tour Represents His Political Testament

Recently, reports about Deng Xiaoping's health have appeared with increasing frequency in overseas mass media. In fact, it is neither possible nor realistic to hope that an old man in his 90's, who has experienced untold political storms and hardships, will remain physically healthy for ever. Deng Xiaoping himself was well aware of this so, in his historic talks during his inspection of the south in 1992, he hinted that his remarks during that tour would be his last "political testament" [zheng zhi jiao dai 2398 3112 0074 0108]. Last year, when spending the Chinese New Year in Shanghai, he expressed the same opinion once again.

To be frank, when appearing in Shanghai last spring, he looked obviously senile. After that, he did not appear at any public occasion but explicitly expressed his support for the third-generation leading body with Jiang Zemin at the core, saying that "they did a good job and they are trustworthy." An undeniable fact is that Deng Xiaoping is definitely a political strongman with the greatest authority and influence inside the CPC since Mao Zedong. Overseas people always link his existence and health to the stability of this country with a population of 1.2 billion people. Some people even hold that Britain's daring to stubbornly oppose China on the Hong Kong issue, Japan's daring to allow Taiwan's deputy premier of the Executive Yuan Hsu Li-te to attend the opening

ceremony of the Asian Games in Hiroshima, and the U.S. behavior of trying hard to obstruct China from re-entering GATT were all related to the worsening of Deng Xiaoping's health and all indicated that these foreign powers' doubt the ability of the third-generation Chinese leadership headed by Jiang Zemin to take over power effectively.

Jiang Was in Place at the Fourth Plenum of the Central Committee

No matter how the outsiders reacted and appraised, the CPC explicitly announced at the Fourth Plenum of the 14th Central Committee last September, the full power takeover by the third-generation leading body. If this is linked to Deng Xiaoping's health conditions, the connotation and significance in reality is self-evident. Moreover, the CPC policy-making core has not only made this clear to the whole party but has also considered and adopted a series of measures for restraining instability in people's thinking and in the situation. The main measures are: On the one hand, Jiang Zemin's leader status in the central authorities has been strengthened while, on the other hand, local leading bodies at all levels have been required to conscientiously pursue the system of democratic centralism in order to prevent the autocratic control by the principal leader of the leading bodies and prevent the appearance of factions in the leading bodies, to guarantee that those at the lower level will obey the upper authorities and the local leaders will obey the central authorities. Jiang Zemin recently stressed that cadres who fail to keep stability in the areas under their leadership are incompetent. Although the CPC authorities have made arrangements for keeping political stability after Deng's death and have put such measures into practice, whether the transition will be made smoothly will still be a major test for the ability and prestige of Jiang Zemin and the leading body headed by him.

China's Development Causes the West Misgivings

Since the beginning of reform and opening, China has been rapidly developing its economy but this has also caused vigilance by and misgivings in Western countries. In particular, after the collapse of the socialist regimes in the former Soviet Union and in Eastern Europe, China, being the most populous Third World country with vast territory and weak economic foundations, did not collapse and disintegrate as in the "domino effect" but continued to maintain a strong development momentum and make rapid development. This deeply embarrassed those who held an antagonistic ideology and pursued an antagonistic system. Obviously, they were not willing to let people in the world see that a socialist regime can still maintain strong vigor and survive. As a result, confrontations, sanctions, and obstructions came successively from them. Last year, China failed to make a breakthrough in major international relations and the reason lay precisely there.

Some authoritative people said that China's current efforts to build a new market economic structure and to

quicken the reforms, aimed at converging with the international market, were not only related to many internal factors, such as its economic development was still constrained by the ill-coordinated systems, but were also related to the containment strategy pursued by the Western powers against China. The Western powers hoped that China would move toward the market economy but, at the same time, they feared that China would become strong.

According to China's State Information Center statistics, in 1994, China attracted \$33.5 billion in foreign capital, an increase of 30 percent over the previous year; it was expected that China would attract \$38.5 billion of foreign capital this year, an increase of a further 15 percent. Since the beginning of reform and opening, China has attracted over \$280 billion in foreign funds according to investment agreements and has actually used over \$80 billion in foreign funds. China's capacity to absorb foreign capital ranks second in the world, next only to that of the United States. A survey conducted by a U.S. business organization showed that China will be the best place for investment during the next five years. A survey in Japan showed that 80 percent of the Japanese enterprises making investments in China achieved successful results. In Britain, 64 percent of transnational enterprises will take China as the main investment point in the future. In 1994, China's total value of imports reached \$105 billion and foreign trade continued to make substantial increases while maintaining an annual growth rate of nearly 10 percent. Chinese Premier Li Peng announced that by the end of this century, the accumulated volume of China's imports will reach \$1,000 billion. On 10 December last year, Jiang Zemin and other central leaders listened to a lecture given by 39-year-old law professor Cao Jianming on "international commercial and trade systems and GATT" at the Huairan Hall in Zhongnanhai. This showed that the CPC top leaders have conscientiously studied and mastered legal knowledge related to international economic and trade activities and showed a positive attitude toward advancing the economic reforms aimed at converging with the international market economy.

The broadness of the Chinese market and its great potential for development and investment are very attractive but China remains beyond the control and manipulation of the Western political forces, continuing to maintain different ideology and political systems. Therefore, those who believe in power politics in the West hold that they should throttle China's development rather than see China becoming stronger. As a result, some people even talked a lot about China's growing strength constituting a threat of expansion against the outside world. In the contemporary world which stresses fair competition, this is some vicious behavior which disregards human rights. According to this author's observation, the current CPC regime's eagerness to seek a peaceful environment in the world is much stronger than that of the Western economic and political powers. In the history of the Chinese civilization, which has

lasted several thousand years, China obviously had the inward propensity to seek self-sufficiency and self-satisfaction. In the final analysis, the "theory of threats from China" was another tactic of seeking peaceful evolution in China.

The West Will Gain From the Situation in Which the Two Sides of the Strait Wear Each Other Down

Because of the covert support by the Western political forces for Taiwan, many problems and disputes were added to the relationship between the two sides of the strait. The people-to-people exchanges and the feelings of the same national identity were frustrated. For Taiwan businessmen and other Taiwan people, although the mainland is a place which has the same race and the same culture, it is basically a good place for them to make investments and profits and to go on sightseeing tours. Due to their self-interested considerations, the Taiwan authorities did not try to fill the sentimental gap between the two sides of the strait which has existed for more than 30 years; on the contrary, they took advantage of the common people's self-esteem to fan separatist feelings, canvassing everywhere in the world to make "diplomatic" breakthroughs. Last year, while knowing that it was impossible to succeed, they still spent huge amounts of money on canvassing to squeeze into the United Nations and other international organizations. Such practice of wasting the taxpayers's money doing something which was doomed to fail was in fact the prelude of the actions of the hegemonist force to internationalize the Taiwan issue. On the surface, the Taiwan authorities were trying to win an equal footing and create a double winning situation; in fact, they placed cross-strait relations on the chopping block of the Western forces, which are trying to dominate the world situation. While facing this tendency, Beijing could not but adopt a series of countermeasures against the consequences in all fields.

Personnel Arrangements, a Key Project

While facing a new round of international pressure, the CPC continued to accelerate the pace of reform and opening after Deng Xiaoping's southern inspection tour and his important talk and raised its vigilance against the Western forces. Peng Zhen, Bo Yibo, Song Renqiong, and other retired old leaders repeatedly reminded the third-generation leading body to consolidate its unity and to select young successors with firm political positions and with strong work ability. At present, the average age of the current members of the Political Bureau Standing Committee is above 65 years. As compared with the average age of the leaders in various major countries, the age of the Chinese leaders is still too high. Maybe, the Chinese leading body is the oldest one among all countries in the world. In the current era of rapid scientific and technological development, the leaders of such a big country with vast territory and a huge population, and with uneven development in the various parts, must have sufficient energy and sharp

judgment. The fourth plenum of the 14th CPC Central Committee particularly considered the issue of party building, stressing the need to quicken the pace of selecting and promoting young successors. This was regarded as a major and pressing task as urgent as enterprise reform. Jiang Zemin said: The work of training, screening, and promoting young cadres should be taken as a "key project" in party building.

The CPC Central Party School, which is called the second organizational department of the party, intensified the theoretical training for high-ranking and middle-level party cadres in recent years under the personal guidance of Jiang Zemin and Hu Jintao, a member of the CPC Central Political Bureau Standing Committee, to guarantee the political quality of the power holders. At present, many middle-level and high-ranking leading cadres at and above the county level were previously engaged in technical and engineering work. They have scientific learning and have management knowledge and experience but they are not proficient in basic theory and still lack political experience. The CPC leadership holds that such cadres must double their efforts in studying political theory, increase their ability to adhere to the principles and systematically organize their subordinates, and develop their foresight and creativity in their work. Only thus can they adhere to the socialist orientation.

Four Breakthroughs in the Cadre System

In order to more effectively select and appoint outstanding cadres and to check the unhealthy practice of nepotism and cronyism in cadre appointment affairs, the CPC authorities continued to demand that the principle of bringing cadre appointment affairs under the party's control be maintained and, at the same time, called for making four breakthroughs in the reform of the cadre system.

First, breaking through the original cadre appointment system and openly selecting and appointing people from the general public to leading posts below the prefectural and departmental level. A limited tenure system will be adopted for leaders at and above the county level. Only those who pass the examinations and assessments can remain in office for another term or be reappointed. Some of the cadres at the prefectural, provincial departmental, county, and division chief levels will be appointed under the employment contract system and those who are incompetent in their work may be dismissed from office according to the employment contracts. Cadres are allowed to resign according to their own will. Those who commit major mistakes in their work may be ordered to resign from office.

Second, explicitly formulating the contents and standards of examinations and assessments and setting up a scientific system of assessment criteria, including the three aspects of economic development, social and spiritual civilization development, and party building. This will ensure the guiding role of the examinations and

assessments. In future, the recommendation of cadres must be made strictly according to the jurisdiction of cadre management and the relevant work procedures, namely, democratic recommendation, assessment made by the organizational and personnel departments, and a decision made by the leading bodies through collective discussion. Leaders cannot nominate their own relatives or personal aides as candidates; cadres cannot be promoted in violation of the established rules; leaders cannot bring cadres from their original departments and areas to their new posts; cadres who are found to have been appointed irregularly as a result of nepotism or cronyism should be resolutely dismissed from office. At present, the CPC Central Organization Department is drafting a set of work rules on selecting and appointing party and government leading cadres at and above the county level.

Third, improving the cadre transfer system. At present, 36 percent of the cadres at the county level, 24 percent of the cadres at the prefectural and city level, and 18 percent of the cadres at the provincial and municipal level are subject to the regular post transfer system. The authorities demanded that the scope of the regular post transfer system be widened in order to prevent sectionalism.

Fourth, strengthening the supervisory mechanisms in organizational and personnel work to prevent and check the unhealthy practices in cadre appointment affairs. Strict measures will be adopted to perfect the cadre appointment and dismissal system and to strengthen the functions of the organizational and personnel departments.

The reform of the cadre system is aimed at more effectively training successors. However, the crucial problem for the CPC top leadership's power transfer is the lack of young cadres in their 30's and 40's. Similar shortages also exist in various central departments and various provincial leading bodies. The CPC authorities have ordered all departments and localities to quicken the pace of training and preparing cadres in this age category. The Central Organization Department has prepared a list of candidates for provincial and ministerial leading posts, especially candidates for the top posts in various provinces and ministries. That is to say, young leaders in their 30's and 40's will appear in the CPC top policy-making body in the future and this is a need under the current situation.

✶ Rong Yiren Visits Guangzhou During Spring Festival

HK1302125595 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 4 Feb 95

[FBIS Translated Text] On the afternoon of the third day of the Spring Festival [2 February], State Vice President Rong Yiren, who was in Guangzhou, visited the Baiyunshan Mountains and spent a happy spring festival with the masses.

In the company of Guangzhou Vice Mayor Chen Kaizhi and others, Rong Yiren, 78, climbed the mountains by car. They went to the Guangzhou Forest of Steles to look around the gardening scenery and to see the calligraphy carved in the stone there.

Meanwhile, after catching sight of the tall state leader, many people who were strolling about on the mountains went toward him en masse to send their regards, whereas Vice President Rong Yiren folded his hands and wished them a happy new year in a very harmonious atmosphere.

Li Ruihuan on Helping Poor, Doing Good Deeds

OW1102142795 Beijing XINHUA in English
1416 GMT 11 Feb 95

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—The lofty spirit of helping the poor and finding pleasure in doing good deeds and making donations should be advocated, said a leading Chinese official today.

Li Ruihuan, Chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), made the remark when meeting representatives for enterprises of non-public ownership and individual persons from Guangzhou, capital of south China's Guangdong Province, who have donated money to help sink wells for supplying drinking water in Hotan Prefecture, northwest China's Xinjiang Uygur Autonomous Region.

While highly praising these enterprises and individuals for their donations, Li, also a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), said the lofty spirit of helping the poor and finding happiness in doing good deeds and making donations represents the traditional virtue of the Chinese nation and shows the healthy relations among people under the socialist system.

Due to poor natural conditions and a lack of money, farmers and herdsmen in Hotan Prefecture have long had great difficulty in obtaining potable water and have depended on water below hygiene standards.

Last August, some State leaders pledged during an inspection tour to the prefecture that effective efforts should be made to quickly solve the difficulty in obtaining potable drinking water.

Donating money to help sink wells for drinking water has won wide support from all communities of the society. Enterprises of the non-public ownership and individuals of Guangzhou soon donated two million yuan for the expenses of sinking 100 wells in Hotan. The fund was recently transferred to Beijing and will soon be passed on to local government of Hotan.

"The realization of common prosperity is the goal of our work. Letting a part of people become rich first is the

effective way for bringing about the realization of common prosperity", said Li, "Those who have become rich first should practise and advocate a healthy and civilized life style, be ready to help others and care for others in addition to continuing their efforts to develop local economy and earn more money."

Last year, some executives of non-governmental enterprises launched a campaign with helping the poor as the main theme. During the campaign, many enterprises in China's comparatively developed areas have offered help to explore local resources, start new businesses and train qualified personnel in poor areas, in a bid to narrow the gap between the rich and the poor.

Li urged united front work departments, industrial and commercial federations in different localities and other relevant departments to study policies in time, sum up experience, improve services, and carry on the campaign in great depth and on a long term.

Li Ruihuan Visits Tibetan Official on Birthday

OW1102145695 Beijing XINHUA in English
1436 GMT 11 Feb 95

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—Li Ruihuan, Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), presented a beautiful flower basket today to Ngapoi Ngawang Jigme, a CPPCC Vice-Chairman, in congratulations of his 85th birthday.

Ngapoi Ngawang Jigme, who is in good health and has a quick mind, was dressed in a dark grey western-style suit and talked cheerfully with Li.

"I come and see you on behalf of general secretary Jiang Zemin, and wish you good health and longevity," said Li Ruihuan, who is also member of the Standing Committee of the Central Committee of the Communist Party of China.

Li highly praised Ngapoi's contribution to the liberation of Tibet, the unity of the country and the stability and development of Tibet.

"Both the party and the people are grateful to you," Li said.

Ngapoi, who was born to a noble family, served as general administrator of Qamdo prefecture of Tibet before Tibet was liberated. In 1951, as the chief representative of the local government of Tibet, he headed negotiations with the central people's government in Beijing on the peaceful liberation of Tibet and signed an agreement in this regard. He served as deputy commander of the Tibet Military Area Command the next year and was given the title of lieutenant general in 1955.

In his advanced age, Ngapoi is still concerned about the construction and development of Tibet. He likes playing chess and bridges and doing some gardening in his spare time. He is also fond of watching sports programs on TV.

"Since the third working conference on Tibet, the situation in Tibet has been very good," Li said. "We will, along with the Tibetan people, build well Tibet and further improve the living standard of the Tibetan people."

"I should thank for the care of the central government and the support and help of the people all over the country," Ngapoi said.

Wang Zhaoguo, vice-chairman of the CPPCC National Committee and chief of the United Front Work Department of the CPC Central Committee, also expressed congratulations to Ngapoi Ngawang Jigme on the occasion.

Hu Jintao Addresses County Leaders on 1995 Goals

OW1102101695 Beijing Central Television Program
One Network in Mandarin 1100 GMT 10 Feb 95

[Announcer-read video report by Dong Shicai (5516 4258 2088) and Wu Fang (0705 2455); from the "National News Hookup" program]

[FBIS Translated Text] Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and Secretariat, today attended and addressed a meeting held in Xunyi County for county and city leaders to exchange experiences in economic construction. [Video begins with a brief shot from the back or a conference room, providing a distant view of Hu Jintao and other leading officials sitting at two rows of conference tables at the end of the hall facing the audience. Hanging above on the wall behind them is a red streamer with big white characters that read "Conference for County (City) Party Committee Leaders To Exchange Experiences in Economic Construction." Then cuts to show close-ups of Hu Jintao speaking without notes and then medium close-up shots of attendees sitting at various parts of the conference room.]

Hu Jintao said: Fundamentally speaking, China's prosperity and the Chinese nation's revitalization must count on development, especially economic development. One crucial task which must be fulfilled under the new situation is to train a large number of highly proficient leaders. [Video shows medium close-ups of Hu and other leading cadres sitting at the front row of the head tables. Chen Xitong, secretary of the Beijing Municipal Party Committee, is seen sitting at Hu's left. Other officials sitting near Hu cannot be identified.]

He stressed: Leading cadres must attach importance to study and be good at it. They must assiduously study theories of the socialist market economy, modern science and technology, and law. They must take active part in reform and construction and learn from the masses while doing so in order to temper and improve themselves.

Speaking on things to be done in 1995, Hu Jintao set forth three requirements:

First, we must exert real efforts, speak the truth, do concrete work, and seek real results. We must firmly guard against and combat bureaucraticism and formalism as well as unethical conduct, such as falsifying reports, exaggerating accomplishments, and seeking flashy but unpractical results. [Video pans slowly from left to right to show officials sitting at Hu's left side and then from right to left to show officials sitting at Hu's right]

Second, we must firmly uphold the goal of serving the people wholeheartedly and carry forward the tradition of establishing close ties with the masses. [Video pans slowly to show medium close-up of the attendees, totaling some 120 people]

Third, we must foster the spirit of working hard and plain living. Leading cadres at all levels must strive to be the first to work hard and the last to enjoy comfort, and they must use their actual deeds to set examples of ethical conduct for party members and the people. [Video ends with a shot from the back of the hall with a distant view of the leading officials sitting at the head tables]

Former Public Security Official Zhao Guowei Dies

*HK1302091395 Beijing XINHUA Domestic Service
in Chinese 0200 GMT 10 Feb 95*

[FBIS Translated Text] Beijing, 10 Feb (XINHUA)—Comrade Zhao Guowei—member of the Fifth and Sixth Chinese People's Political Consultative Conference, member of the Consultative Committee of the Ministry of Public Security, and former president and secretary of the CPC Committee of the Central People's Institute of Public Security—died of illness in Beijing on 29 January 1995 at the age of 84.

Comrade Zhao Guowei was born in Hongan County, Hubei Province, in April 1911. He joined the Chinese Communist Youth League in 1928 and became a CPC member in 1933. He served as member of the Hexiang Soviet Committee of the Hongan County Regiment, secretary of the Organizational Department of the Provincial Committee of the Young Communists in the Hubei-Henan-Anhui Soviet Area, member of the Guangyuan and Tongjiang County CPC Committees, and secretary-general of the Dongfang Office of the Sichuan Provincial CPC Committee. He joined the Long March with the Red Army in 1934, and was once appointed coordinator in the General Affairs Section of the Political Department of the Fourth Front Army of the Red Army, and secretary of the General CPC Branch of the Guerrilla Brigade of the Fourth Front Army. During the period of War of Resistance Against Japan, he held the posts of cadre in charge of organizational affairs in the Political Department of the 385th Brigade

of the 129th Division of the Eighth Route Army, secretary of the General CPC Branch of the Second Branch School of the Chinese People's Anti-Japanese Military and Political College, director of its Political Department, political commissar of its brigade, and deputy political commissar of the Yanbei Military Sub-Area of the Shanxi-Chahar-Hebei Military Area. During the War of Liberation period, he was appointed director of the Political Department of the Consolidation and Training Corps of the Central Hebei Military Area, and political commissar of the Military and Political Cadre School of the same military area. Following the founding of new China, he held the posts of director of the Organization Department of the Political Department of the Public Security Unit of the Chinese People's Liberation Army (PLA), deputy director of the Political Department of the same unit, deputy director of the Political Department of the Garrison Unit of the PLA General Staff Headquarters, and deputy director of the Fourth Bureau of the Ministry of Public Security. From 1961 to 1983, he was appointed president of the Central Political and Legal Cadre School, and president and concurrently secretary of the CPC Committee of the Central People's Institute of Public Security. Comrade Zhao Guowei was awarded a Second-Class 1 August Medal, a Second-Class Independence and Freedom Medal, and a Second-Class Liberation Medal in 1955. In 1991, he was awarded a First-Class Gold Medal of Honor of the People's Police.

Beijing Cracks Down on Embezzlement, Bribery Cases

*OW1302124995 Beijing XINHUA Domestic Service
in Chinese 0438 GMT 13 Feb 95*

[Judicial "News Briefs" by Reporters Niu Aimin (3662 1947 3046) and Tang Weibin (0781 5898 1755)]

[FBIS Translated Excerpt] Beijing, 13 Feb (XINHUA)—Beijing Achieves Significant Results in Punishing Embezzlement and Bribery.

Beijing has achieved significant results in punishing embezzlement and bribery. In 1994, concerned departments in Beijing handled 1,706 cases of embezzlement, bribery, and other economic crimes, and completed the trials of 1,037 cases. Through handling these cases, the municipality recovered direct economic losses worth a total of more than 76.54 million yuan.

It was learned that procuratorial organizations in Beijing achieved breakthroughs last year in investigating and handling major and serious cases, especially those involving leading cadres, those in which the law was violated in the course of being enforced, and those involving legal persons [fa ren 3127 0086]. [passage omitted]

Hubei Province Commends a Number of Advanced Judicial Units and Law-Enforcement Personnel.

Hubei Province on 12 February held a commendation meeting to confer the honor of "best people's court" and

"advanced people's court" titles on 17 local courts in Wuhan city's Jiangnan District and other localities. [passage omitted]

NPC To Review Women's Rights Law

OW1202120395 Beijing XINHUA Domestic Service
in Chinese 0633 GMT 11 Feb 95

[By reporter Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 11 Feb (XINHUA)—The National People's Congress [NPC] Standing Committee has organized four law-enforcement inspection groups that will inspect in April this year the implementation of "the Law on the Protection of Women's Rights and Interests" in some provinces, autonomous regions, and municipalities.

Li Ximing, vice chairman of the NPC Standing Committee, emphasized that the inspection on the implementation of "the Law on the Protection of Women's Rights and Interests" is for promoting a comprehensive, thorough, and better implementation of the law, and it is an action to be taken to greet the convocation of the Fourth World Conference on Women in China.

The inspection groups held their first plenary meeting today. The meeting arranged for the coming inspection, which will focus on the implementation of the "Law on the Protection of Women's Rights and Interests" in Yunnan, Guangxi, Liaoning, Heilongjiang, Shanghai, Fujian, Ningxia, and Gansu. The inspection will cover the basic situation of the implementation of "the Law on the Protection of Women's Rights and Interests" by relevant law-enforcement organs; local governments establishment of working bodies and provincial, autonomous regional, and municipal people's congresses formulation of implementation procedures; the situation of protecting women's political rights and their rights to work and receive education; the role played by women in local reform, opening up, and modernization; the situation of punishing those who use violence to cruelly injure or kill women and those who kidnap and sell women; and the situation of combating ugly social evils.

Present at the meeting were Chen Muhua, vice chairman of the NPC Standing Committee and president of the All-China Women's Federation; and responsible people of the NPC's special committees and the departments concerned of the Supreme People's Court, the Public Security Ministry, and the Labor Ministry.

XINHUA Reports on Family Planning Commission

Implements Birth Control Plans

OW1302024395 Beijing XINHUA in English
0129 GMT 13 Feb 95

[FBIS Transcribed Text] Beijing, February 13 (XINHUA)—A scheme to integrate family planning work

with aid-the-poor projects is expected to speed up birth control in the backward rural areas.

The State Family Planning Commission (SFPC) is now striving to combine birth-control work with economic development, with the object of helping farmers get rich and at the same time promote cultural progress in the countryside.

The new approach, first carried out in northeast China's Jilin Province, has been praised by Peng Peiyun, State Councillor and minister in charge of the SFPC, as a "road of hope for rural family planning".

At a meeting held at the end of 1994 in Sichuan, the most populous province in China, the approach won support from family planning officials from throughout the country, and a decision was made to carry it out nationwide as a basic principle for the current and future population-control work.

Senior SFPC officials said that they believed that the new principle will be helpful for breaking out of the vicious circle of "poverty-more children-poverty" and for triggering a revolution in people's attitudes towards birth control through economic development.

They said that so far the governments at all levels have started to formulate preferential policies in accordance with the new concept, giving couples who practise family planning special treatment in supplying fine seeds, information, technical training and funds so as to raise their incomes to a level higher than the local average.

The move is aimed at helping farmers solve the problem of supporting the elderly while inducing more couples to practise family planning, the officials noted.

In Yancheng County, in east China's Shandong Province, local family planning departments have helped farmers grow more ginkgo trees which have a fruit-bearing period of 300 to 1,000 years. A five-year-old ginkgo is able to produce fruit worth about 1,000 yuan a year.

Approves Family Planning Program

OW1302065695 Beijing XINHUA in English
0639 GMT 13 Feb 95

[FBIS Transcribed Text] Beijing, February 13 (XINHUA)—China's State Council has approved the Family Planning Program for the period 1995 to 2000, worked out by the State Family Planning Commission.

According to the program, China will strive to hold its population at 1.23 billion by the end of this year, and 1.3 billion by the year 2000, when the population's natural growth rate will drop to one percent.

Official figures show that by 1993 the population's natural growth rate had dropped from 1970's 2.5 percent to 1.1 percent, and women's total fertility rate from 5.8

percent to two percent. The latest statistics show that the Chinese mainland's population will hit 1.2 billion by mid-February this year.

The program says that the more than 20 years of birth control efforts have been critical to the nation's rapid economic growth and the improvement of the people's life in recent years.

However, the program reminds that the birth of some 21 million people every year still keeps severe pressure on the nation's environment, resources, employment and infrastructure, and that the birth rate in rural area is very likely to rise if control loosens, as a further change in farmers' view of the desirability of having lots of children will come only as a result of further economic development.

The burgeoning floating population produced by the economic expansion also poses a new threat to the government's birth control efforts, because the floating population is often outside the population management networks, the program points out.

The program calls on family planning departments at all levels to give top priority to propaganda and education in their work. It calls for the opening of courses in demography in schools, short-term classes for citizens, and programs on population matters on all the major radio and television networks by the year 2000.

The program requires that the present nationwide family planning service networks be further improved in both personnel and equipment to provide better contraception and related services.

The program urges local family planning departments to expand their services, that is, to co-operate with other government bodies in helping farmers get rich; this, they believe, will lead to a change in the traditional rural view that having more children is better.

The program admits that there have been some discrepancies in the demographic statistics. It therefore calls for the better training of census personnel and better evaluation of data.

To improve the quality of census and population management, the program demands that a computer data system be established in all county family planning departments by the year 2000.

More Young Couples Choose Not To Bear Children

HK1302141795 Beijing ZHONGGUO XINWEN SHE in English 1210 GMT 13 Feb 95

[FBIS Transcribed Text] Beijing, February 13 (CNS)—The idea of bearing no children which was once popular in Western developed countries has spread over a large area in China especially in major cities. The number of young couples who prefer to live in their own world without children is increasing.

According to a survey in 1991, the number of well-educated couples who did not wish to have children was about 20 percent of the total and such trend went upwards year after year. Statistics also showed that between 1980 and 1990 there were over 350,000 couples who chose not to give birth to children for the whole life. It is believed that the figure will continue to rise by the turn of the century and well into early next century.

Most of the couples who do not want to have children for their whole life are aged around 35 and 68 percent of this group are below 35. Many of them felt that they could neither achieve great success in their career nor shoulder the burden on bringing of children. In order to lead a better life and enjoy themselves, they choose to live in a world of two without any burden on children.

When husbands and wives are divorced, their children would suffer the most because they will have to lose either one of their parents. In Beijing, the number of single-parent children comes up to 20,000 every year. According to a sample survey conducted by a social group on marriage and family, 16.8 percent of the married couples found it difficult to get divorced because of their children. About 14.1 percent had their divorce delayed for a long period because they were concerned about the future of their kids. Cases of unhappy marriage have alerted some young couples and they finally decided to give up bearing children.

However, it runs against the Chinese tradition by not extending one's next generation. Couples who do not want to have children are under great pressure and are criticized for pursuing their own pleasure at the expense of the social responsibility.

For the older generation who is very eager to see the family tree prosper, they feel so sad to find that their sons have decided not to give birth to children and they are afraid that it would come to an end of their family history. According to a sample survey, aging persons from about 80 out of 102 families choosing no children totally opposed the "no child" decision while those from 16 others expressed their understanding but still gave no consent to such decision. There were a mere six households whose aging members kept silent or "left the decision to the young couples on giving up bearing children.

The matter of small family of a mere couple sees the pros and cons. It seems, however, irreversible that the role of bearing and bringing up children seen in the marriage is weakened and there are more young couples in China choosing not to have children.

Journal Views Beijing Urban Construction

HK1302061095 Beijing LIAOWANG in Chinese No 3, 16 Jan 95 pp 7-9

[By staff reporter Wang Jun (3769 6511): "How Should Urban Construction Be Brought Onto the Track of Legal System—Thoughts on Beijing's Oriental Plaza Project"]

[FBIS Translated Text] In the heart of Beijing between the southern end of Wangfujing and Dongdan, the attention of anyone passing by is drawn to a large site where demolition work has come to a halt. A month or so ago, the sound of construction machinery of all descriptions was still rumbling on at this site. According to a BEIJING WANBAO report on 18 November 1994, the foundation work being carried out at this site was for the Hong Kong-funded Oriental Plaza. Why has work now come to a standstill?

It is understood that one of the reasons why work at the Oriental Plaza has come to a halt is that the scale of construction and the design proposal for the project are at variance with the relevant Beijing urban planning regulations. At present, the design proposal for the project is being readjusted in accordance with the requirements of the "Overall Urban Planning for Beijing" and the project is being reviewed for approval in line with the prescribed procedures. The controversy over this project has aroused much public concern. People are interested in how urban construction can be brought onto the track of the legal system.

Planning Rules and Regulations Are Being Heavily Pounded

The Oriental Plaza project, funded by a consortium headed by Hong Kong's Cheung Kong Holdings, is a huge commercial development, which incorporates business and office premises and recreational facilities. According to the design proposed by the developers, the Oriental Plaza will be over 480 m from east to west. It will be built on a 90,000-square-m site. When completed, the project will have a floor space of over 700,000 square m and will be over 70 m in height.

This design proposal met with objections as soon as it was announced, because its height greatly exceeds the limits prescribed in the 1991-2010 "Overall Urban Planning for Beijing," which was approved by the State Council. The document lays down the following requirements for the protection of this historical cultural city: "With the Imperial Palace and the old imperial city at the center, there are to be graded height limits for all surrounding buildings. The old imperial city should be kept open and spacious, with height limits gradually increasing outwards." "High-rise buildings may be permitted along Changan Street and Qiansanmen Avenue, the inner part of the two ring roads, and some sections of the main roads. The general height limit is 30 meters, or 45 meters in individual places." The written reply given by the State Council on the "Overall Urban Planning for Beijing" clearly pointed out: "The principles, measures, and contents laid down in the 'Overall Urban Planning' are feasible and must be implemented in real earnest.... The relevant requirements on distribution, density, and height limits must be strictly adhered to and must not be breached." The Oriental Plaza project exceeds the height limits of the "Overall Urban Planning for Beijing" by 30 to 40 m and is obviously in contravention of the instructions by the State Council.

The proposed Oriental Plaza development, together with the east wing of Beijing Hotel, which is 120 meters wide and over 80 m high, will create a massive concrete block stretching for 600 m and standing 70 to 80 m tall. Its presence will not only overwhelm the Imperial Palace but will affect the landscape of Tiananmen Square, which is only 1.2 km away, fundamentally ruining the features of the ancient capital. The average height of the Great Hall of the People is 31 m; it is 40 m high in some places and has a total floor area of 170,000 square m. The Tiananmen Tower is 35 m high, while the Monument of People's Heroes is 38.29 m high. The Oriental Plaza, which will be four times the size of the Great Hall of the People, will overwhelm these historical buildings which are the embodiments of the nation's political center, making them look relatively small. This will put the city off center and upset the layout of the capital city with Tiananmen Square as its center.

According to the plan for Changan Street mapped out in 1985 by the Beijing CPC Committee, the Committee for Planning and Construction in the Capital, and the Beijing Municipal People's Government, "the Youth Theater and Children's Cinema on the northern side of the intersection between Wangfujing South and Dongdan will be renovated and expanded to become the cultural center of the eastern section of Changan Street." According to the design proposal for Oriental Plaza, the theater and cinema will be torn down and relocated at a new site in Dongdan. If the plaza is built according to the original design, traffic in the Wangfujing and Dongdan areas will also be further aggravated. The development will only provide 1,500 parking spaces, less than half the minimum requirement of 4.5 parking spaces per 1,000 square m for commercial buildings in Beijing.

Protection of the Ancient Capital: A Common Historical Mission

On 23 August 1994, Zhou Ganshi [0719 1626 1492], Wu Liangyong [0702 5326 6978], Zhang Kaiji [1728 7030 3444] and three other architectural experts submitted a joint petition questioning the design proposal for the Oriental Plaza. In their opinion, the design "will alter the level and spacious traditional set-up and special quality of the old city center and will outshine Tiananmen Square and the Great Hall of the People. The traffic problem this development is likely to create is also difficult to resolve." They proposed that efforts be made to "strengthen unified leadership over the planning and development of Changan Street." "The redevelopment of the old city cannot be based on the economic returns of isolated sites alone. We must adhere to planning and take into consideration the long-term environmental and cultural impacts. We must not go after high capacity and returns one-sidedly. Hong Kong and Macao experts and developers have experience in high-density and high-capacity developments but comrades in China should recognize soberly that it is not universally applicable to all parts of China, being particularly unsuitable for the city center of the ancient capital."

On 24 October, Luo Zhewen [5012 0772 2429], Xie Yuchen [6200 7183 6591], Fu Xinian [0265 3588 1628], and two other Chinese People's Political Consultative Conference [CPPCC] delegates submitted a joint motion, pointing out that the design proposal for the Oriental Plaza "will ruin the features of Beijing—the famous historical and cultural city of China and the world and is a grave violation of the stipulations made in the 'Overall Urban Planning for Beijing' already approved by the State Council." The CPPCC delegates proposed that the following actions be taken: "1. It is necessary to do things according to law. Work can only proceed when the project has been examined and approved in accordance with the plan submitted by the municipal government and approved by the State Council. 2. The feasibility of the project should be discussed by experts and the views of experts should be widely solicited. 3. It is inadvisable to one-sidedly go after high-capacity and high returns in the redevelopment of the old city. The experience of Hong Kong and Macao developers in high-density and high-capacity developments is unsuitable for China, particularly for historical cultural cities and the ancient capital city of Beijing, and should be treated with great care."

On 26 October, Zheng Siyuan [6774 1835 6678], Shan Shiyuan [0830 1102 0337], Wang Dingguo [3769 1353 0948] and three other historical relics experts submitted a joint petition calling for more efforts to protect the traditional look of the capital. "The pressing task now is that on no account must we do further damage and launch new construction projects that are not in accord with the urban planning for the capital. The Oriental Plaza project is at the central part of the ancient capital. If it is allowed to proceed according to the existing design proposal, the features of the ancient capital will be seriously affected, which is not in accord with the provisions of the law." They proposed that the following actions be taken: "1. The Oriental Plaza should be relocated away from the heart of the old city and redesigned in order to preserve the features of the ancient capital. 2. In future, all large-scale developments in central Beijing must be planned in a unified way and must be examined and approved in strict accordance with laws and regulations as well as urban planning requirements."

Although the proposals put forward by experts have different points of emphasis, they share a common desire to preserve the ancient appearance of Beijing in urban development. They also share the view that decisions on the redevelopment of the ancient city should be reached on a democratic, scientific, and legal basis.

On 22 November, some leaders of the Capital Planning and Construction Committee heard the proposals put forward by Xie Chensheng [6200 6591 3932], Zheng Siyuan, Shan Shiyuan, Wang Dingguo, Chai Zemin [2693 34193046] and Zhao Jing [6392 7234]. At the meeting, the six experts urged that adjustments be made to the height and size of the Oriental Plaza project in

order to protect the grand vista of Tiananmen Square. They said that all overseas investors alike must abide by urban planning requirements and the law when they invest in development projects in Beijing, as this is a matter of dignity. Modernization must be integrated with the protection of historical cultural cities and all buildings must blend in well with their surrounding environment. They said that all projects must be incorporated in the urban planning of the capital and that he who puts in the money does not necessarily have the final say.

What is particularly moving is that 75-year-old Chen Gan [7115 1626], a leading town planner who had taken part in the drafting of the "Overall Urban Planning for Beijing" at various stages, and who completed the first planning for Tiananmen Square after the founding of new China and chose the place to erect the pole for the national flag, died on 30 November after busily going around trying to make the Oriental Plaza project conform with the overall city plan in spite of his great age and feeble condition. At the time of his death, he was still thinking of the planning and development of Changan Street.

The Solemnity of Urban Planning Regulations Is Beyond Doubt

In addition to problems with the project itself, the Oriental Plaza development has drawn many objections also because people have come to realize that they must face the problem at issue: In their pursuit for high returns, foreign investors who have come to invest in the redevelopment of the old city and other real estate projects in Beijing have ignored Beijing's urban planning regulations and demanded that height and capacity limits be extended. This not only poses a great threat to the appearance of the ancient capital but puts Beijing's urban planning regulations in danger of being abandoned altogether.

Will foreign investors be unable to make money if they abide by Beijing's urban planning regulations? The answer is in the negative. Some experts have made calculations on the basis of the current land cost, relocation, and other expenses, and come up with the following conclusion: Foreign investors can expect returns of over 100 percent if they develop real estate in accordance with Beijing's urban planning regulations. The profits are amazingly good. It is understood that returns on real estate developments in Hong Kong are 10 to 20 percent, while returns are even lower in other countries and regions. For example, returns are only 6 percent in Sydney, 5 percent in Singapore, and 2 percent in Japan.

Regrettably, violations of urban planning regulations similar to those committed by the Oriental Plaza developers can be found to varying degrees in many other parts of Beijing. Some foreign investors have defied urban planning regulations by increasing the height and dimensions of their property developments and have made demands on the basis of the east wing of the

Beijing Hotel, which has long been regarded as an "eyesore." The Beijing Urban Planning Regulations have been repeatedly bent under the unreasonable demands made by a small number of foreign investors. High-rises are set to sprawl all over the heart of the old city. In view of this situation, many urban construction experts have made strong appeals during their interviews, for law and discipline to be more strictly enforced. They said they could not but doubt the solemnity of the legal system if the Oriental Plaza project was allowed to proceed according to its existing design proposal. They were afraid that if others followed, Beijing's overall urban planning would be rendered useless and the features of the ancient city would not be preserved.

According to experts, in most countries where there is a legal system, urban planning regulations which have been examined and approved are legally binding. No one is allowed to modify these regulations without authorization and all violations are punished according to law. In real estate developments where foreign investment is involved, whether or not urban planning is respected by foreign investors is a matter which concerns the dignity of sovereignty and one must not be vague on such matters.

By comparison, the authority of urban planning is really poor in some places in our country. Although urban planning regulations which have been reviewed and approved by local people's governments are legally binding, they are just a slip of paper in the eyes of some of the leaders concerned. When concrete problems arise and decisions can be made at will, urban planning regulations will be modified. This has become a prominent problem in foreign-invested real estate development projects in recent years. In some cities, the leaders only care about absorbing foreign investment during their term of office. They are afraid that they will scare foreign investors away if they enforce the urban planning regulations to the letter. They have not made a conscientious effort to study the intrinsic laws of urban construction and do not make it their first priority to defend the overall and long-term interests of their cities. This gives foreign investors the opportunity to make all sorts of demands.

Experts pointed out: The market economy is an economy based on the legal system and urban planning regulations are the most important macrocontrol measures of government departments. If you look at countries of the West where the market economy is well developed, can you find any country which does not grasp planning, does not grasp the legal system, and does not grasp macrocontrol?

Modernization and the Protection of Cultural Heritage Are Not Mutually Exclusive

The history of modern urban development shows that the damage done to historical cultural cities by economic construction is even more devastating than that done by war. It is precisely for this reason that, after the impact of

modernization, an increasing number of cities in the world have come to see the problem and are making all-out efforts to protect the historical features of their cities. The reason is that the style and features of a city are priceless and the age-old history and glamorous civilization which the city embodies are things that no money can buy.

China should and can learn from the experience of urban development in other countries to avoid inflicting "disaster" upon our cultural heritage in the name of economic construction.

The old imperial city of Beijing, which dates to the Ming and Qing Dynasties, has four distinct features: It is "symmetrical, level and spacious, distinct in silhouette, and well-paced in arrangement." Looking down from high vantage points, we can see the glittering palaces surrounded by grey compounds in the shade. Such a magnificent and well-planned capital city is indeed a miracle in the history of man's civilization. Noted Danish architect and urban planner (Luosimusen) [5012 2448 4476 2773] praised Beijing as a marvelous monument, the cream of a great civilization. Nancy Yi-shi-wen-si [2496 0670 2429 2448], daughter of General Stilwell, even exclaimed: "Of all famous cities above latitude 40 degrees north, Beijing is the only capital which has not gone into decline after a history of 3,000 years. It has more places of historic interests than Rome and is more magnificent than Paris.... I hope that Beijing will forever retain its features as an ancient capital because it is a pot of wealth that cannot be created again."

Beijing has seen significant progress in its urban construction since the 1950's and today, it has an urban area of 1,040 square km. With an area of 62 square km, the old imperial city of the Ming and Qing Dynasties is just a tiny part of the capital but it is a place which is rich in cultural heritage. Over 70 percent of the capital's heritage protection units at and above the city level are found there. Moreover, after more than 40 years of development, the old city has become extremely congested, with the population soaring from 1.2 million in the early 1950's to the present 1.7 million. The way to fundamentally preserve the old look of the ancient capital is to develop new districts for the resettlement of the population of the old city. Efforts should be made to avoid bringing in too many huge projects in the already saturated inner city. The solution adopted by London for this problem was as follows: After World War Two, London implemented the "Greater London Plan" to reduce the population density of the inner city by developing new districts and satellite towns. This helped preserve the city's historical features and made it possible to have the best of both the new and the old.

Of course, the old city of the Ming and Qing Dynasties is not an unearthed legacy which is hands-off for everyone and which needs no further development. According to some experts, the important thing is that new buildings

must blend well with the traditional atmosphere. This refers to both the dimensions of buildings and their external appearance. Most important is that the dimensions of buildings must be in harmony with their surroundings and must not be too tall or too large. If the dimensions are too outrageous, even the most ingenious external design cannot help. They also talked about some of the profound lessons which Beijing has learned in this respect. For example, with a towering 180-meter chimney standing by its side, the ancient Liao Pagoda at Tianning Temple looks dwarfed and has lost its imposing quality. The monstrous east wing of the Beijing Hotel, built in the 1970's and standing over 80 m tall, has greatly affected the landscape east of the Imperial Palace. The development of such a tall building in the heart of Beijing's old city was criticized by the then Premier Zhou Enlai and by urban construction experts. Premier Zhou had repeatedly instructed during his lifetime that height limits must be imposed on buildings in the old city of Beijing.

The "Building Height Control Plan for the City of Beijing" promulgated in 1985, marked the introduction of a legal system in height control for buildings in Beijing. Height control is the most effective measure for protecting the looks of a city, as has been proved by the experience of many cities abroad. In Washington D.C., buildings cannot be taller than the U.S. Congress. In Paris, the building of a high-rise office block in the downtown area attracted so much criticism that the municipal government was compelled to promulgate regulations against the construction of tower blocks in the city center and to locate the business district at La Defense some 5 km away from downtown Paris. This succeeded in preserving the city's historical appearance without affecting its economic development. Even a city like Hong Kong, which boasts such a high density of tower blocks, is not without height control regulations. In Hong Kong's urban planning, the general requirement is that buildings may not be taller than the mountain ridges, which run from Mount Davis in the east to Mount Pottinger in the west. This is to prevent the city landscape from being destroyed by tall buildings which break the silhouette of the island.

The future of a city lies in its modernization but the charm of a city lies in the civilization and tradition upon which it is built. In the present-day world where culture is becoming more homogeneous, things which have national and individual characteristics will receive ever greater respect and attention. In their efforts to maintain a proper balance between modernization and the protection of cultural heritage, historical cities like Paris, London, and Rome have paid a high price but they have also won the acclaim of the world's cultural circles and left a rich legacy to mankind.

Beijing has quickened its pace in becoming an international metropolis in recent years but its features as an ancient capital are facing a grim challenge. Will Beijing lose the attractive halo of its ancient civilization and its

throne as the capital of oriental culture in its march toward modernization? As we ponder over this weighty issue, we cannot but hope in all sincerity that urban construction will quickly be brought onto the track of the legal system. Only in this way will we be able to give an answer that will not put our history to shame.

Labor Departments Keep Order in Worker Movements

*HK1302030095 Beijing CHINA DAILY in English
11 Feb 95 p 1*

[By Cao Min: "Worker Influx Must Be Tidy"]

[FBIS Transcribed Text] Labour departments at all levels have been asked to organize surplus rural labour so people will move "in an orderly manner" into cities for employment, the Ministry of Labour said.

It recently issued a nationwide circular calling for better management of transient labourers in cities, and penalties for those firms that hire workers unlawfully.

The notice said that local labour departments of export provinces should stop issuing new employment identification cards.

Departments in labour import regions also were required to stop recruiting farm workers for a month after the Spring Festival—the Chinese Lunar New Year—to alleviate the transportation burden caused by the movement of transient rural labourers.

Millions of farm workers are thronging to cities to seek jobs after their family reunions, especially to coastal provinces and major cities, as the holiday season drew to a close.

For example, two or three special trains have been carrying 6,000 to 9,000 farm workers daily from Bengbu and Fuyang—two counties in East China's Anhui Province—to Shanghai since February 2.

Most had signed employment contracts with their bosses before they returned home.

However, quite a number of these migrant labourers were merely trying their luck.

The labour ministry stipulated earlier this year that all farmers must first be registered with local governments before they could move out, and they must apply for work permits in cities where they intend to look for jobs.

This is to regulate the flow of the country's estimated 40 or 50 million surplus rural workers. However, some estimate that the surplus rural work force is actually much bigger.

More than 200 labour service agencies have been established in major cities and coastal areas to help disperse and control movements of rural workers.

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But that doesn't prevent some people from trying to make a buck—there have been cases of some people and companies demanding exorbitant prices for illegally printed work permits.

Some firms also acted contrary to the government decree and put up posters for recruitment of farm hands in cities, without permission.

The ministry has ordered local labour departments to inspect the procedure for extending necessary identification cards to farmers, and to deal with unlawful practices.

Article Attacks Spending on Superstitions, Rites

HK1002102295 Beijing GUANGMING RIBAO
in Chinese 14 Jan 95 p 4

[By staff reporter Zhuang Dianyi (8369 7193 0001):
"Idiotic Consumption Should Be Controlled."]

[FBIS Translated Text] Temples are built at random in rural areas, paper money for ghosts appears in cities; people spend money worshipping spirits and gods, but begrudge children a chance at education; they are stingy about books and newspapers, but generous when asking for their fortunes to be told....

There is a lamentable phenomenon in real life. After acquiring some money, some people, instead of trying to raise the standard of their material and spiritual life, spend it on the worship of spirits and gods, extravagance and waste to show off their wealth, and "go unrestrained." This brings no good to themselves and harms society. They just spend their money on stupid things and gain nothing. This is called "idiotic consumption".

In recent years, one noticeable thing in our countryside has been the indiscriminate construction of temples. Newly built small temples are seen in 80 percent of villages in Luanping County, Hebei Province. In the past year or so, 48 temples have been built in Liaoning Province without approval. In Ningxia Province, temples to the "Earth God" and "Lady (who gives people children)" have sprung up in the past few years in the fields and along the roadsides of the areas irrigated with water diverted from the Huang He. These newly built but old-fashioned buildings "did not cost the state a single fen," but cost the blood and sweat of the peasants. Usually each household has to give out 100-200 yuan to share expenses. What is more, the peasants of Ningxia's Zhongning County collected the sum of 100,000 yuan—the largest donation was as much as dozens of thousands yuan—and built a Buddhist tower several dozen meters tall in the yard of a primary school. Furthermore, due to the superstition of some peasants, a batch of "households specializing in superstition" has appeared, and a number of witches and sorcerers get rich without working. There are more than 200 witches, sorcerers, and persons who specialize in geomantic omens in Hubei's Suizhou City, and they are active in both urban and rural areas. In Ningxia's Yinnan Prefecture, as many

as 20 to 30 persons specialize in geomancy. It is estimated that such persons earn a net income of over 10,000 yuan per year. This is a business which requires no investment but gains extraordinarily high benefits regardless of the climate so some families pass it on from generation to generation and become "households specializing in superstition," and the blood and sweat of the peasants pours into their pockets.

What is noteworthy in particular is that such superstitious consumption is spreading from the countryside to the cities and towns. In Yinchuan, various kinds of paper items and "paper money," which are burned for the dead, are sold at stalls in country markets all year round. In Henan's Xinxiang City, on a street less than 100 meters long, a dozen stalls exclusively selling paper ingots and other paper money for the dead were seen before Spring Festival 1994. Every Spring Festival, Qingming Festival, on the 15th of the seventh month and the first of the 10th month of the lunar year, burnt paper and sacrificial offerings not yet "eaten" by the spirits and gods can be seen everywhere—on the roadsides and in the corners of the streets of Yinchuan.

At present, 70 percent of the dead are buried in China each year. Although crematoriums have been set up in many counties, they are hardly used. A coffin costs from a thousand or so to several thousand yuan. Studies show that each year we have 7 million deaths and they take up nearly 1 million mu of land in burial plots. We have now altogether 1.2 billion mu of cultivated land, but 50 million mu of graveyards—the dead are taking food from the mouths of the living. Each year coffins consume more than 3 million cubic meters of good-quality wood, the equivalent of one year's felling in Fujian Province! More than 7 billion yuan is spent on funerals each year! In Qingdao alone, 500,000 yuan is spent on sacrificial offerings just for Qingming Festival.

If the complaint that "we cannot afford a funeral" is heard more and more, the protest that "we cannot afford a wedding" is even louder. In weddings, we see a thorough display of extravagance and waste: Long convoys of cars to take the bride swaggering through the streets, and luxurious banquets which upset the stomachs of many. Weddings worry parents and grooms and frighten relatives and friends.

There are numerous examples of idiotic consumption in our daily lives: One man paid tens of thousands of yuan for one song by a singing star in a night club; a "filial son" had a huge wreath made, which was as tall as a two-story building; a "wealthy person" burned rolls of money as fireworks.... Idiotic consumption penetrates every aspect of life in society.

Special attention should be paid to the fact that idiotic consumption certainly leads to abnormal consumption: Money is spent on the wrong things, not on beneficial things but on harmful things. Some people have money to pay respect to spirits and gods and build temples, but no money for the education of their children; some people are

not filial when their parents are alive, but "find their conscience" when they die, so they spend extravagantly to let the dead "shine brilliantly" at the last minute; some run up great debts to seek the limelight at a wedding but have to live on nothing but salty vegetables afterwards; some are stingy about buying books or newspapers, but generous when asking for their fortunes to be told.... Idiotic consumption is a kind of corrosive agent, cruelly strangling social civilization and progress.

How does one spend money when one has it? This is not a minor question any more. How are the people to be guided to correct and sensible consumption? This is a pressing and serious problem. After we have helped the people get rid of poverty and become prosperous, we still have the responsibility to help them cure their ignorance and stupidity, become wiser, and raise the quality of their lives.

Military & Public Security

Anhui Holds Meeting on Law Enforcement

OW0902123695 Hefei ANHUI RIBAO in Chinese
27 Jan 95 p 1

[Unattributed reported: "Safeguard the Dignity of Laws; Tighten Law Enforcement; Chairmanship Meeting of Provincial People's Congress Standing Committee Hears a Report on the Implementation of the 'Three Laws and One Decision'"]

[FBIS Translated Text] On the afternoon of 23 January, the Standing Committee of the provincial people's congress held a chairmanship meeting to hear a report on the implementation of "three laws and one decision." Meng Fulin, chairman of the provincial people's congress Standing Committee; Shao Ming, Lu Shengdao, Wu Changqi, Lu Zixiu, Jiang Zehui, Chen Jiyu, and Cai Bingjiu, vice chairmen of the Standing Committee; and Lu Desheng, secretary general of the Standing Committee, attended the meeting.

In recent years, the Standing Committee of the National People's Congress [NPC] have formulated and promulgated the "PRC Law on Unfair Competition," the "Law of the People's Republic of China on Protecting Consumers' Rights and Interests," the "Law of the People's Republic of China Governing the Quality of Products," and the "Decision of the NPC Standing Committee on Punishing Offenders Who Manufacture and Sell Fake and Shoddy Products." To strengthen supervision and promote implementation of laws, the provincial people's congress Standing Committee, in mid-December last year, organized NPC deputies to inspect the implementation of laws in Bengbu, Anqing, and Tongling cities and other areas. At the same time, led by the provincial people's congress Standing Committee's Financial and Economic Work Committee, a joint inspection team was organized with the participation of the provincial administration for industry and commerce, the provincial technology supervisory bureau, and the provincial

consumers' association. It examined the results of implementing the "three laws and one decision" in Huaibei and Huangshan cities and in the Liuan Prefecture.

The examination shows that initial results have been made in implementing the "three laws and one decision" in various cities and countries; however, failure to abide by the law, lax law enforcement, and letting law-breakers go free are fairly universal, and this phenomenon is a serious problem in some areas. The major problems are: Not enough has been done to publicize the importance of implementing laws; people are not satisfied with the quality of market products and commercial service; punishment for criminal offenders has been fairly light.

After hearing the report on the result of law enforcement in various areas, Meng Fulin spoke. He said: The "three laws and one decision" are important laws for standardizing and maintaining the market order. The implementation of these laws will decide whether a market economic structure can be established and whether it can develop healthily, and also has a direct bearing on the vital interests of the masses. He stressed: It is essential to enhance our understanding and to recognize the importance of law enforcement from the perspective of safeguarding the dignity of laws, consumers' legitimate rights and interests, and the market order. It is also essential to intensify propaganda, heighten people's sense of the legal system, sense of quality, sense of competition on an equal footing, and sense of self-protection, and heighten law-enforcement personnel's consciousness and sense of responsibility in exercising their functions according to law. We should tighten law enforcement, resolutely correct such tendencies as replacing criminal punishments with fines and regional protectionism, speed up the processing of improving laws and regulations, and tighten supervision by people's congresses, the masses, and public opinion so as to ensure that the "three laws and one decision" are implemented in a better way in our province.

Beijing Secretary Speaks at PLA Spring Festival Forum

SK1102071795 Beijing BEIJING RIBAO in Chinese
26 Jan 95 p 1

[FBIS Translated Text] Municipal leaders—including Chen Xitong, secretary of the municipal party committee, and Li Qiyuan, mayor of the municipality—attended the Spring Festival forum sponsored by the People's Liberation Army [PLA] Beijing Garrison on 25 January. They spoke glowingly of the unity jointly achieved by the Army and the government as well as by the Army and the people with the responsible personnel of the PLA units, including He Fengjun [0149 6646 0689], commander of the PLA Beijing Garrison, and Yang Huichuan, political commissar of the PLA Beijing Garrison. They also talked freely of their hopes for scoring greater achievements in the new year.

Liu Fengjun presided over the forum at which he extended festive greetings to the municipal leaders and

the people across the municipality on behalf of the commanders and fighters of the garrison. Yang Hui-chuan delivered a speech in which he summarized the work done by the garrison in building up armed forces, in carrying out militia affairs, in conducting national defense education, in recruiting armymen, and in launching the double support campaign. He also expressed that the garrison will strictly run the armed forces in the new year and make positive contributions to the capital's stability and development.

On behalf of the more than 10 million people across the municipality, Li Qiyuan extended heartfelt regards to the commanders and fighters of the garrison. He stated: Over the past year, the people across the municipality have successfully marched forward by closely rallying round the CPC Central Committee with Comrade Jiang Zmin at the core and under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. They have also scored new achievements in reform and construction, which include the contributions made by the broad masses of commanders and fighters in the garrison. Officers and soldiers in the garrison industriously joined in and shed their sweat in the construction of municipal projects and in various activities—including the Beijing west passenger railway station, the third northwest ring road, the Far East and South Pacific sports games, the 45th National Day, and the afforestation campaign. It is hoped that in the new year, the Army, the government, and the people will closely unite, fulfill the new tasks, and strive to score greater achievements.

In his speech, Chen Xitong stated: Some leading personnel of the municipal party committee, the municipal people's government, and the PLA Beijing Garrison, are new comrades. It is hoped that the Army and local governments learn from each other, understand each other, exchange more information, and unite with more closely. The work summarization made by the garrison, the correct orientation defined by it, and its earnest activities to implement a series of important directives issued by the CPC Central Committee and the Central Military Commission, have shown that the garrison will certainly be able to make itself stronger and more powerful in the new year and to become a reliable and vigorous force in safeguarding the capital's stability and in supporting the capital's programs of reform, opening up, and modernizations. It is hoped that the garrison will further enhance the construction of its armed forces, sum up its experience, heighten its spirit, strengthen its unity, and continuously march forward.

Attending the forum were municipal leading personnel—including Li Zhijian, Chen Guangwen, Wang Tong, Yang Chaoshi, Duan Bingren, Qiang Wei, Li Yong'an, Li Runwu, Hu Zhaoguang, Meng Xuenong, and Fang Yuanmo—as well as the leading personnel of the PLA Beijing Garrison, including Huang Bocheng, Sun Bensheng, Jiang Jichu, Shao Delong, Li Wenhua, Guan Qingren, and Zong Peiran.

Public Security Forces Punish Forest Violators

OW1202082695 Beijing XINHUA in English
0649 GMT 12 Feb 95

[FBIS Transcribed Text] Haikou, February 12 (XINHUA)—Over the past six years, public security departments of the island province of Hainan in south China have punished more than 1,300 people for damaging forests in 3,439 cases, and saved 4.85 million yuan in forest property losses.

At present, a forest network made up by some 352,000 ha [hectares] of natural forests, 132,000 ha of coastal forest belts and 165,000 ha of timber forests has taken shape in the province. The waste mountains have been covered with green.

Before 1984 the area of tropical forests kept declining in the province. Local authorities have since limited the annual quota of timber cutting within 60,000 cubic m [meter]. In 1994 it completely stopped the cutting of natural forests.

Since 1988 the province has issued a series of rules, set up more public security organs, forest checkpoints, wildlife protection stations and forest fire teams to protect the forest resources.

Over the past decade, more than 100 million yuan has been put into forest protection. Since 1985 the area of artificial forests has been growing by 26,400 ha annually. In the past decade, the province's forest coverage saw a net expansion of more than 198,000 ha.

Tibet Holds Judicial, Public Security Conference

OW1102044695 Lhasa Tibet Television Network
in Mandarin 1200 GMT 10 Feb 95

[Announcer-read report over video; from the "Regional News Hookup" program]

[FBIS Translated Text] A regional conference on judicial and public security work opened in Lhasa on 10 February. Zi Cheng, secretary of the regional Political and Legal Commission, gave an important speech at the conference. Cering Sangzhub, Baio Zhao, Zhou Qishun, (Jiang Zhu), (Guo Nianxu), Yang Youcai, Namgyai, and other regional leaders attended. [video opens with a long shot of packed auditorium, followed by medium shots of regional leaders attending the conference as their names are read]

The conference relayed the guidelines of the national conference on judicial and public security work and called on all judicial and public security departments in the region to implement it.

Secretary Zi Cheng fully affirmed the achievements made in the judicial and public security fields in 1994. [video shows Zi Cheng reading from a prepared text,

alternating with long shots of people attending the conference] He said: In the past year, under the correct leadership of the regional party committee and government and in accordance with the unified arrangements made at the regional judicial and public security conference, the region's judicial and public security departments upheld the policy of grasping two links at the same time and attaching equal importance to both, and vigorously implemented the various measures. By placing the struggle against separatism and safeguarding social stability on the top of the region's judicial and public security work, they effectively cracked down on all types of criminals and made positive contributions to safeguarding social stability.

Speaking of the major judicial and public security tasks in 1995, Comrade Zi Cheng said: In 1995, we must act in accordance with the ideological guidelines put forward at the national conference on judicial and public security work—safeguarding stability and building a judicial and public security contingent at the same time to help carry out the general tasks of the nation and party; continue to study the guidelines of the 13th and 14th Party Congresses as well as the Third Forum on Work in Tibet; further strengthen the party's leadership over judicial and public security work; carry out construction within the judicial and public security ranks; implement the policy of dealing heavy blows on criminals; improve the success rate in solving cases; earnestly resolve practical problems in case handling; effectively stop all types of cases before they occur; and put in a great effort to comprehensively tackle problems of public order and build model localities and units.

***Public Security Apparatus Focuses on Border Crime**

95P30043A Beijing RENMIN GONGAN BAO
in Chinese 10 Dec 94 p 2

[FBIS Summary] Public Security border defense departments throughout China have been devoting particular attention to crimes in border and coastal regions and in port areas, including smuggling, illegal migration, gun-running, narcotics trafficking, and piracy. According to the border defense office of the Ministry of Public Security, during the last few years, border defense departments in different provinces and regions have coordinated with local public security components in a special effort directed against crimes in border regions, achieving success in important areas. Guangdong, Fujian, Hainan, Zhejiang, Shandong, and Hebei have focused on piracy, illegal migration, and coastal smuggling. Yunnan and Guangxi have focused on weapons and narcotics trafficking in southwest border regions, and Inner Mongolia, Heilongjiang, and Jilin have focused on criminal and civil cases in border jurisdictions. In Xinjiang, Fujian, and Guangdong, the public security apparatus has launched a special effort against the transport of counterfeit currency. According to statistics, during the first nine months of 1994, public security border defense departments along China's land boundaries have seized 1,522 guns, 314,888 rounds of ammunition, and 12,767 hand grenades. They have cracked 418 smuggling cases, seizing over 1.2 million boxes of cigarettes and 596 million yuan in smuggled currency, and they have solved 16,521 criminal and public order cases. In Guangdong and Fujian alone, border defense departments have seized over 24 million yuan in counterfeit currency.

General

Li Lanqing Inspects Henan, Speaks on Reform

OW1202123295 Beijing XINHUA Domestic Service in Chinese 0306 GMT 12 Feb 95

[By reporter Wang Genbao (3769 2704 1405)]

[FBIS Translated Text] Zhengzhou, 12 Feb.—From 7-11 February, Li Lanqing, CPC Central Committee Political Bureau member and vice premier, inspected Henan. During the inspection, he stressed that chain operations among state-run and cooperative businesses will constitute one major reform of the commodity distribution system, and the reform will be significant for changing these businesses' operating mechanisms, revitalizing their operations, stabilizing commodity prices, and halting counterfeits and inferior products; and that these businesses will be able to play the role of being the main commercial channels.

In the company of Li Changchun, Henan Provincial Party Committee secretary, Governor Ma Zhongchen, and Vice Governor Zhang Shiyong, Li Lanqing inspected retailers and wholesalers, grain and cotton purchasing and marketing businesses, and agricultural commodity suppliers in Zhengzhou, Kaifeng, and Nanyang. At a meeting held in Zhengzhou to discuss chain operations, he heard reports by the Asia Group and other units on their experiences in establishing chain stores.

Li Lanqing said: Distribution is an important part of economic operations and the link between consumption and production. Small-scale distribution and small businesses can only promote small-scale industrial and agricultural production; and only large-scale distribution and large businesses can promote intensive and modern large-scale production of industrial and agricultural goods. Developing chain operations is one major reform of the commercial distribution system.

Li Lanqing pointed out: There are now four major types of chain operations in China today: 1) Convenience-store chains, which sell grain, cooking oil, food, and assorted goods; 2) supermarket chains, which sell vegetables, meats, poultry, stationery, and appliances for daily use; 3) large-size department store chains developed from large and medium department stores; and 4) chain stores selling brand-name and precision goods. Preliminary experiences show that chain-store operations have many advantages, such as having access to large amounts of market and consumption information, the capacity for collective purchasing and delivery, direct ties with producers and nonstaple food suppliers, fewer middle links, and lower purchasing cost and selling prices. Their standardized and scientific management can also lower operating expenses, thus increasing profits. They can protect consumers from being cheated by counterfeits or shoddy goods, and their uniform, clearly marked prices are helpful for state-run stores and cooperatives to play the part of holding down prices and

controlling inflation. Li Lanqing maintained that, for the sake of consumers' convenience as well as gaining the needed experiences and training proficient operators, pilot projects of the first two types of chain operations should be launched on the basis of the existing wholesale and retail networks. He added that chain-store operations should not exist in name only, much less should everyone rush headlong into setting up chain stores.

Li Lanqing also inspected Henan's state granaries and urban grain stores; and he visited textile enterprises, cotton purchasing stations, and cotton processing plants. He also visited some farming households and encouraged them to grow more grain and cotton. During the inspection, Li Lanqing repeatedly stressed that importance must be given to producing and reserving grain and, in accordance with the different situations of residents and the floating population in cities, take appropriate measures to exercise macroeconomic regulation and control over cities' grain supplies.

Liu Huaqing Inspects Guangdong

OW1302140595 Beijing XINHUA Domestic Service in Chinese 1022 GMT 13 Feb 95

[By reporter Huang Chuanzhen (7806 0278 4176)]

[FBIS Translated Text] Guangzhou, 13 Feb (XINHUA)—While inspecting work recently in Guangdong, Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the Central Military Commission, pointed out that special economic zones [SEZ] must continuously give play to their roles as windows of reform and opening up and as experimental zones; must not only do a good job in economic and material civilization construction but also in spiritual civilization construction; must genuinely carry out the policy of promoting reform and opening up with one hand and cracking down on severe crimes with the other and put equal emphasis on both; and create more and even better experiences for building socialism with Chinese characteristics.

From 9 to 13 February, accompanied by Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial CPC Committee; Zhu Senlin, governor of Guangdong; Li Xilin, commander of the Guangzhou Military Region; and Shi Yuxiao, political commissar, Comrade Liu Huaqing visited Huanggang port, Yantian container wharf, Shenzhen Scientific and Technological Company Ltd., and the miniature world landscape attraction in Shenzhen SEZ, and heard briefings from people in charge of the Guangdong CPC Committee, Guangdong government, Shenzhen City CPC Committee, and Shenzhen city government.

Liu Huaqing said he was pleased to see Shenzhen's fast and excellent development. It used to be deserted beaches and barren hills but it has now been turned into high rise buildings and a socialist modernized city.

Shenzhen's great change is really encouraging. Over the past 15 years, Shenzhen has enjoyed sustained, rapid, and healthy economic development. In 1992, Comrade Deng Xiaoping made very important remarks during his south China tour and gave many important instructions in Shenzhen. Three years have elapsed since then and Shenzhen's gross domestic product has doubled. Few expected Shenzhen could achieve such a rapid economic development. Liu Huaqing pointed out that doing a good job in Shenzhen will have important significance to economic convergence with Hong Kong. Shenzhen's great development will make Hong Kong more prosperous and stable and will be conducive to the Chinese nation's reinvigoration and development.

Liu Huaqing fully affirmed Guangdong's remarkable results in implementing reform and opening up measures. He said Guangdong has scored remarkable results and been effective in implementing Comrade Deng Xiaoping's reform and opening up principles and policies. Every year, Guangdong achieves new progress in all undertakings. Despite major floods last year, Guangdong still managed to achieve high growth in agricultural and industrial production and to appropriately settle victims of natural disasters. This fully shows our socialist system's superiority.

Liu Huaqing stressed that reform and opening up and rapid economic construction will inevitably cause many problems, thus requiring us to resolutely implement Comrade Deng Xiaoping's instructions and to do a good job in building up spiritual and material civilizations. He pointed out that this year marks the 50th anniversary of the victory in the War of Resistance Against Japan. We should carry out different forms of patriotism education and help raise the people's political, ideological, moral, scientific, and cultural qualities.

During the inspection, Comrade Liu Huaqing held discussions with local army leaders about strengthening army building. He visited army commanders and fighters at training bases, barracks, and mess halls in Shenzhen and held heart-to-heart talks with army cadres. He expressed the hope that the army's commanders and fighters would continue to develop the excellent tradition of hard struggle and serving the people and would contribute more to the state and the Chinese nation. After hearing "double support" [the army supporting the government and cherishing the people and the people supporting the army and caring for their families] work briefings made by army unit leaders in Shenzhen, Liu Huaqing pointed out that the work of the army and the people jointly building spiritual and material civilizations and the "double support" work are very important and that a good job in socialist modernization construction can be done only if the army, the government, and the people are united, and only if they help and support each other. He praised the Shenzhen SEZ's effective "double support" measures. He said army units and localities have done many good and concrete things for

each other. He also urged Shenzhen to do an even better job and strive to be the nation's model city for "double support" work.

NPC Member on Construction of 'City-Towns'

HK1302055795 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 13
Feb 95 p 4

["View Point" column by Li Yining, standing committee member of the National People's Congress (NPC) and head of Beijing University's department of economics and management: "Construction of City-Towns a Must for Balanced Growth"]

[FBIS Transcribed Text] Industrialisation naturally leads to rural and urban economic development. Although this occurs at a relatively advanced stage, we can already observe three signs of it in China.

The average urban income is no longer much more than that in the rural areas. Most urban and rural households enjoy the use of utilities, including water, electricity, telephones and heating. And the per capita living space in the countryside often exceeds that in the cities.

Social services such as education, medical care, welfare and cultural activities have also become common in the countryside. The quality of the road system has improved and the ownership of vehicles risen rapidly.

Does this mean that economic development has wiped out the differences between rural and urban areas? Of course not. Urban residents continue to produce most industrial goods, and peasants raise crops, engaging in limited industrial production. Cities remain the centres for finance, commerce, credit and research into high-technology, despite the growth of the service sector in rural and urban areas.

But these factors are unlikely to interfere with the eventual convergence of living standards in China's urban and rural areas. Rather, they reflect the different functions and production capabilities of cities and villages. Discrepancies in standards of living will gradually disappear with economic advancement.

So what are the prospects for the merging of living standards in cities and villages, and what role will rural industry play in it? The development of rural industry and the construction of small "city-towns" has contributed to reducing the gap between income levels, standards of living and social services in the two areas.

This trend has been particularly visible in the Pearl River delta, Quanzhou in Fujian province, Wenzhou in Zhejiang, Yantai in Shandong and eight other regions in the country. Although some discrepancies exist between villages and cities, even in those areas they have all made immense progress in the past 20 years.

Of course, the disparity between rural and urban areas in the interior provinces is greater and will not be resolved

for a long time. Nevertheless, if rural areas continue to industrialise, they will inevitably approach the standard of living enjoyed in urban areas.

The key then, is to speed up the construction of small city- towns. Although the growth of rural industries will help to increase workers' salaries, it will not lead to an improvement in the quality of public utilities or social services.

As long as there are disparities in these areas, people will continue to believe that urban residents enjoy a better life than peasants, and that the convergence of living standards in cities and villages is little more than a theory.

Accelerating the construction of city-towns is inseparable from development of rural industry. Both require capital, usually supplied by the town government, domestic enterprises or group peasant contributions. That means that the development of rural industry is imperative to the construction of small city-towns, and these city-towns are a prerequisite to the ultimate convergence of living standards in cities and villages.

Anyone studying China's economy must understand this process.

'Internal Report' Warns Income Gap To Lead to Unrest

HK1302055495 Hong Kong SOUTH CHINA
MORNING POST in English 13 Feb 95 p 1

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Discontent among Chinese peasants has risen alarmingly as their income gap with city folk widens and government loans fail to materialise. A recent internal report to the Communist Party leadership also said that production of grain and other staples had declined despite incentives which include repeated increases in procurement prices. The document warned that the "exacerbated tension between cadres and peasants" could plunge the country into chaos in the post-Deng Xiaoping era.

According to the official media, the projected per capita income of farmers last year was 1,200 yuan (HK\$1,099), nearly 30 per cent higher than 1993. However, studies conducted by party and government units but not made public indicated that peasant dissatisfaction had increased because of unprecedented inflation and the widening income discrepancy with urban workers.

The internal report pointed out that the increase in state procurement prices for produce in the past year had been "eaten up" by inflation. The rural-urban income disparity had grown from 1:1.71 (yuan) in 1984 to 1:2.39 in 1993 and 1:2.55 last year.

Village and township enterprises (VTEs), the mainstay of the rural economy, are facing hard times. The document

also pointed out that VTEs, which are generally considered to be more efficient than state enterprises, had been hit by the spiralling cost of raw material and by new taxes. And it revealed that the bulk of the "special loans" worth 15 billion yuan which the State Council pledged last year for VTEs in the western provinces "had not arrived at their destinations".

Moreover, owing to the 20-month-old tight-money policy, rural enterprises were last year unable to collect debts totalling more than 180 billion yuan. They have been bled by new taxes—including capital-gains and consumption taxes—even as a number of "preferential policies" have been withdrawn.

One indicator of the sinking morale in the villages is that more than 45 percent of the estimated 1.6 million agronomists and technicians trained in Chinese colleges since 1949 have left for the cities.

The report pointed out that "vicious incidents involving confrontations between cadres and peasants" had increased. It cited attempts by "overzealous local cadres" to forcibly procure grain and cotton from farmers in order to meet quotas imposed by superior government departments.

For example, while cotton was selling for as much as 22 yuan a kilogram on the open market, officials in numerous provinces had obliged growers to part with their produce for 12 yuan or less. Other peasants had complained about "the return of central planning", a reference to Beijing re-imposing "minimum grain acreage quotas" on localities and central authorities monopolising the wholesale and retail markets for staples.

Meanwhile, despite numerous incentives and the restoration of state flats, yields for grain, cotton and other produce have been dissatisfactory. In a recent report, the Hong Kong China News Agency [ZHONGGUO XINWEN SHE] claimed that total grain production last year was "the same as or slightly better than" that of 1993.

Unpublicised figures, however, indicated that the grain output for last year was between 10 million and 11.9 million tonnes lower than the 1993 output. Total acreage for grain last year was 1.64 billion mu, a reduction of 14 million mu on the 1993 total. Acreage for wheat and beans last year fell respectively by nine million and two million mu.

Sources in Beijing said the leadership had made contingency plans for a possible outbreak of disturbances in the countryside after the death of the patriarch. They include deploying extra units of the People's Armed Police and the military to maintain law and order.

Official on Major Tasks for Enterprise Reform*HK1302092895 Beijing ZHONGGUO ZHENGGUAN BAO in Chinese 11 Jan 95 p 1*

[By Zhang Jinghua (1728 0079 5478) and Zhou Baohua (0719 0202 5478): "Hong Hu Gives an Account of Five Major Tasks for Enterprise Reform in 1995"]

[FBIS Translated Text] At the "international seminar on creating a new state enterprise system" yesterday, Hong Hu, vice minister of the State Commission for Restructuring Economy, gave an account of the main contents of China's enterprise reform in 1995.

Hong said that the main contents of China's enterprise reform in 1995 are to lay a sound foundation, create favorable conditions, and build up a framework for a modern enterprise system. To lay a sound foundation, it is necessary to take effective measures to solve practical problems facing state enterprises, improve management and promote technological progress, and change the way state enterprises operate. To create favorable conditions, it is necessary to deepen enterprise reform and the reform of supportive systems at a faster pace, and to make a success of the work related to setting up a modern enterprise system. To build up a framework, it is necessary to make an innovation in the enterprise system and gradually to construct a basic framework for a modern enterprise system. To promote enterprise reform, in light of the practical problems and structural obstacles, we will accelerate the reform of the old enterprise system, and will try to make achievements in combining package reform with breakthroughs in some key areas by integrating work at key points, working along different lines, and working in all areas into a organic whole, and by using the systems engineering method [yong xi tong gong cheng di fang fa 3938 4762 4827 1562 4453 4104 2455 3127] in accordance with the principle of taking everything into account and overall planning.

Hu continued, saying that although the situation with state enterprises is good on the whole, their competitiveness, efficiency, and growth rate have left much to be desired. They are seriously bogged down by the slow transformation of their operational mechanisms, their outdated ideology, their failure to operate on their own and become responsible for their own profits and losses, and by too many bad debts and excessive burdens. State enterprises are getting into three formidable difficulties with respect to essential factors of production: overstaffing, fund shortages, and inactive stock assets. These three difficulties also make other problems unsolvable.

He pinpointed several specific and difficult tasks that call for special efforts. 1) The groundwork for the modern enterprise system; 2) The introduction of the joint-stock system; 3) The pilot project work for the modern enterprise system; 4) Promoting the fluidity of state-owned stock assets, as well as enterprise restructuring and reorganization through various forms of joint

venture, combination, merger, business change, and transformation; and 5) Relieving enterprises from excessive debts.

The seminar was co-sponsored by the State Commission for Restructuring Economy and Japan's Yamaichi [shan yi 1472 0001] Securities Company.

Leader Views Foreign Investment in State Enterprises*HK1302084295 Hong Kong CHING CHI TAO PAO in Chinese No 4, 16 Jan 95 p 22*

[From "China Economic News" column: "Rules on Selling State-Owned Enterprises"]

[FBIS Translated Text] Recently, on the issue of foreign businessmen purchasing state-owned enterprises, a State Council leader emphasized that only the main investor, the owner of the state-owned assets, has the right to sell state-owned enterprises, and income from selling such state-owned assets should be used in the construction of key state projects.

The leader said: Foreign businessmen are now able to control some state-owned enterprises by investing capital, becoming a holding company, and making use of loopholes in China's current assets appraisal system and financial system, as well as in management of the capital market and foreign capital, to increase the value of their capital. At the same time, they can make use of the accumulated assets in our country and "shares with the Chinese concept" to seek profits in international capital markets. On the other hand, some state-owned enterprises receive all kinds of preferential treatment from foreign-invested enterprises in the same way or even receive income to ease their capital difficulties and gradually increase pay and welfare to their staff and workers. For this reason, they have shown great enthusiasm about this.

On this issue, the leader pointed out that it is necessary to carry out a further study of this phenomenon, carry out regular management, and strengthen guidance so that the advantages can be further developed while eliminating disadvantages, losses of state-owned assets can be prevented, and work to utilize foreign capital can develop healthily.

Referring to assets appraisal, the leader said that it is necessary to make a scientific and fair appraisal of both the visible and invisible assets of the Chinese side and foreign investors. The practice of using income from selling state-owned assets to develop real estate business, to speculate on the stock market, and other expenditure is absolutely forbidden. The income should be used to fill gaps in the self-raised funds of various localities.

**Modern Enterprise System Experiments
Widespread**

*HK1302094195 Beijing RENMIN RIBAO in Chinese
28 Jan 95 p 2*

[Report by reporter Mo Xinyuan (5459 2450 0337):
"Experiments in Establishing Modern Enterprise System
Have Been Launched Comprehensively"]

[FBIS Translated Text] Experiments in establishing a modern enterprise system have been thoroughly launched in various localities throughout the country. Among the 100 key enterprises shouldering the important duty of trying out the system, 80 have derived ideas on implementation procedures; various provinces and municipalities have established leading groups for the experiments; and the heads of the leading groups for the experiments in the Ministries of Chemical Industry, Railways, Water Resources, Metallurgical Industry, Coal Industry, Electronics Industry, and Posts and Telecommunications, as well as the China Textile Federation, all are the heads or deputy heads of the establishments.

The State Economic and Trade Commission recently held a news conference at which Chen Qingtai, vice minister of the commission, gave a briefing on the progress of the experiments in establishing the modern enterprise system throughout the country. According to Chen, by the end of December last year, apart from the 100 enterprises chosen by the State Council to carry out the experiments, another 1,300 enterprises had been chosen by provinces and municipalities to carry out the experiments, while a number of enterprises had been chosen by prefectures and cities for the experiments, and some 2,200 enterprises throughout the country had participated in experiments at different levels. Various provinces and municipalities have formulated implementation plans, which can be divided roughly into the preparation phase (survey, investigation, and drafting of implementation procedures); implementation phase (formulating coordinated policies, and examining the implementation procedures drafted by the enterprises chosen to carry out the experiments); and operational phase (monitoring, servicing, exchanging experiences, coordinating guidance, discussing difficult points, and summing up experiences). The implementation procedures drafted by the enterprises chosen to carry out the experiments also must be submitted to the relevant department for deliberation and coordination, and then submitted to the State Economic and Trade Commission to be kept on file. It is expected that this work will be completed in April.

**Leader Says Elimination of State Firms
'Inevitable'**

*HK1302084195 Hong Kong TA KUNG PAO in Chinese
10 Feb 95 p A4*

[Special dispatch from Beijing: "Central Leader Says Not Every State-Owned Enterprise Can Be Reinvigorated, Elimination of Some Is Inevitable"]

[FBIS Translated Text] When talking recently about reinvigorating state-owned enterprises, a central leader said that the current industrial structure in China is a result of the planned economy. Now that the market has entirely changed, it is inevitable that a number of enterprises will be shifted to other types of production or will be eliminated. It is not necessary to reinvigorate all of them by ignoring their specific situations. Reinvigorating state-owned enterprises does not mean reinvigorating every one of them but invigorating the national economy as a whole. We must allow those enterprises which are unlikely to be able to make up deficits to go bankrupt. The key point is to do a good job in personnel arrangement and prevent losses of state-owned assets so that these assets can flow to places where better economic returns can be achieved.

The leader pointed out that in 1995 great attention should be paid to work in the following four fields in reform of state-owned enterprises.

Pay great attention to key enterprises and experimental points. Judging from the overall situation of the whole nation, as we are unable and it is impossible to improve all state-owned enterprises at the same time, we can only lay stress on some key enterprises. Key enterprises should conform to the following three conditions: First, they must be in line with the orientation of industrial structural readjustment; second, they must be leading enterprises in their respective fields; and third, they must have a considerable production scale and their market share must be reasonably high so they can bring along the development of a number of enterprises in the market.

Pay great attention to readjustment. It is necessary to readjust the entire economic structure, the internal structure of the three major industries [as published], and the product mix. It is also necessary to carry out readjustment within enterprises.

Pay great attention to difficult issues. Within enterprises, the state, enterprises, and banks can do something to reorganize debts and assets. There are also some difficult and deeply rooted issues, such as reducing redundant staff and the separation of enterprises' responsibilities and those of society. It is necessary to blaze a new trail in this respect through the practice of reform.

Pay great attention to the formation of mechanisms. They include competition, self-development, self-accumulation, and self-regulation mechanisms and a mechanism for developing the superior and eliminating the inferior.

Beijing To Adopt 'Tough' State Property Rules

*OW1102081695 Beijing XINHUA in English 0756
GMT 11 Feb 95*

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—China will adopt [as published] effective and tough steps to prevent the draining of state property and

assets this year, according to an official of the State Administration of State Property (SASP).

Deputy-Director of the SASP Pan Yue told a press conference that the SASP plans to launch a nationwide investigation into the losses of state property both at home and abroad this year.

China has suffered acute losses of the state property in recent years, mainly caused by activities running counter to the laws and regulations concerning the management of state property.

Currently China is transforming its economic system into a market economy from a planned one, and there exist many loopholes in the management of state property, Pan said.

The value of state property in some joint ventures and share-holding enterprises, for example, was not at all or only partly appraised when they were set up on the basis of former state-owned enterprises, he noted.

The deputy director said that investigation will also be conducted into the losses of state property by joint ventures, share-holding enterprises and corporations.

Major cases and culprits responsible for losses of state property will be dealt with strictly, he said.

State Assets Increasing

OW1202225295 Beijing XINHUA in English 1505
GMT 12 Feb 95

[FBIS Transcribed Text] Beijing, February 12 (XINHUA)—China's state property and assets had reached 3,495 billion yuan by the end of 1993 from merely 20 billion yuan at the time of national liberation in 1949.

Statistics from the State Administration of State Property (SASP) show that 74.5 percent of the state property and assets were in commercial sector and the remaining 25.5 percent in non-commercial sector.

Deputy-Director of the SASP Pan Yue said recently that the state assets should play a still more important role in the country's economic development and be managed and protected properly.

Nowadays in some areas, however, the state assets have not yet been fully used and protected, and some illegal activities have resulted in the leakage of state property, Pan said at a ceremony to launching the publication of the book titled "ABC of State Assets Management."

Pan added that China will adopt effective and tough steps this year to prevent the loss of the state property and assets.

Two-Thirds Said Covered by Unemployment Insurance

HK1002104895 Beijing CHINA DAILY in English 9
Feb 95 p 2

[By Cao Min: "Most Labourers Have Jobless Insurance"]

[FBIS Transcribed Text] Almost two thirds of all Chinese employees, or 95 million, are now covered by an unemployment insurance scheme according to the Ministry of Labour.

This is a 20 per cent increase from the figure a year ago, officials said.

Currently, there are about 150 million employees in China, including 40 million people working in non-State-owned sectors.

Twenty-seven out of 30 provinces, municipalities and autonomous regions have issued local codes and regulations on unemployment insurance since the scheme was first introduced in 1986.

And 26 of them have extended the programme from those working at State-owned firms to include those in collective or private enterprises.

For example, in Central China's Hunan Province, the unemployment insurance scheme has been extended to more than 80 per cent of its collective enterprises and about half of its overseas-funded businesses, according to a Xinhua report.

Nearly 100,000 jobless people and workers and money-losing enterprises in Hunan have benefited from the system during the past year.

Jilin, a province in Northeast China, has established unemployment insurance system in State-owned enterprises, the Beijing-based China Consumers News reported.

In Jilin, more than 2 million workers in 13,448 State-owned firms have paid their shares to the insurance. Another 5 million workers in over 7,900 collective enterprises have also joined the insurance scheme.

In January, Jilin used 32.2 million yuan (\$3.82 million) from its unemployment funds to provide basic living subsidies to those workers whose enterprises closed down or partly stopped production,

Last year, the country's unemployment rate was around 2.8 per cent.

According to officials with the Ministry of Labour, Shanghai Beijing and several other areas have set up a relatively well-organized unemployment insurance system.

Official on Insurance System

OW1302064995 Beijing XINHUA in English 0519
GMT 13 Feb 95

[FBIS Transcribed Text] Beijing, February 13 (XINHUA)—China is drafting a social insurance law and a labor contract law, in a bid to further improve the country's unemployment insurance system, according to an official from the Labor Ministry.

He said that China is also considering drawing up laws to promote employment, development of vocational skills and settlement of labor disputes.

He said that the establishment of a social insurance system is an important support mechanism for the reform of state-owned enterprises and vital to the country's goal of holding the unemployment rate at around five percent in the ninth five-year plan period (1996-2000), adding that more efforts will be made for the implementation of the unemployment insurance system during this period.

Statistics show that since the unemployment insurance system was introduced in 1986, about 95 million workers had been covered by the end of 1994.

During the past eight years, the official said, China has distributed 8.3 billion yuan to 3.54 million people in unemployment insurance benefits.

In the same period, the country has also spent 1.8 billion yuan helping more than two million unemployed workers find jobs, he said.

Insurance Faces 'Increased Pressure'

HK1302042195 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Feb 95 p 3

[By Xiao Lu and Cao Min: "Pressure On Jobless Benefits To Increase"]

[FBIS Transcribed Text] China's unemployment insurance scheme faces increased pressure this year as the State says it will step up efforts to let more State-owned enterprises go bankrupt or see their property sold to foreign investors.

"During reform, it's inevitable for some enterprises in the State sector to go bankrupt or close down which will entail large scale lay-offs," warned Wan Yingcai, deputy director general of the Employment Department under the Ministry of Labour.

By the end of last year, workers with unemployment insurance numbered 95 million, up 20 per cent on 1993.

So far, 27 provinces, autonomous regions and municipalities have issued local regulations to govern unemployment insurance. Most provinces have extended the programme from those working in State-owned enterprises to include those in collective or private enterprises.

The registered number of unemployed people in China was 100,000 in 1991, 340,000 in 1992, 1.03 million in 1993 and 1.87 million last year. The number could more than double this year, he said.

To cushion the impact on those who lost their jobs, the ministry set up an unemployment insurance fund in 1986 and had accumulated a fund build-up of 4.7 billion yuan (\$556.8 million) by the end of last year, with 4

billion yuan (\$473.9 million) in the form of treasury bonds and bank deposits and the rest in use.

The major source of the funds were levies from State-owned enterprises—0.7 percent to one per cent of their total payroll, Wan said.

In Beijing, Shanghai and other cities where more enterprises went bankrupt last year, money thus pooled in the year failed to offset payment of unemployment insurance and labour departments in the cities had to use fund reserve, he said.

As the payment pressure aggravates this year, the Ministry of Labour is likely to consider increasing its levy from enterprises, or their employees might be demanded to contribute to the fund. So far, enterprises cough up the money on behalf of their workers, Wan said.

"If layoffs appear in droves and our unemployment insurance funds run short, we'd ask our labour departments within each province to share their reserve to meet payment demand.

"And our last resort is subsidy allocation by the Ministry of Finance," he said.

The Ministry of Labour has suggested the Ministry of Finance prepare in its budget a certain amount of supplementary funding in case unemployment insurance fund should run short.

Wan said the amount of unemployment insurance paid is based on the number of years the laid-off had worked and the unemployed could enjoy at most 24 months of insurance.

For the workers approaching retirement, unable to find work again but have more than two years to go before they can receive a pension, the ministry will provide them insurance until they become pension-earners.

For those with a long way to go before pensionable age but with no prospect of a job, the Ministry of Civil Affairs will look after their well-beings, Wan said.

Trade Unions Expected To Gain Prominence

HK1102030695 Beijing CHINA DAILY in English 10 Feb 95 p 4

["Trade Unions Gain Prominence"]

[FBIS Transcribed Text] Labour relations in China have undergone dramatic changes with the deepening reforms in the labour system, said a high ranking official from the All-China Federation of Trade Unions (ACFTU) in China Labour News.

Zhang Guoxiang, ACFTU's Vice-Chairman, said unified labour relations were broken when the planned economic system was replaced by a market one. Trade unions at all levels are expected to play a more important role in safe-guarding workers' rights and interests.

Under the highly centralized economy, workers were guaranteed a life-long job by the State and they were not allowed to change jobs. Their welfare was under the unified management of the State. Labour relations between workers and their units were managed through State administrative means.

With the deepening of economic reform, unified public ownership has been broken. Apart from State enterprises, there is now private, foreign-funded and collectively-owned ones. Each has its own employment, allocation and welfare systems. This has made labour relations varied and complicated, said Zhang.

At present, the labour force is allocated through the market. Employees and their work units establish labour relations through contracts which stipulate each side's rights and obligations. In this way, enterprises can recruit employees in accordance with business needs and employees can choose jobs suitable to them.

The past several years witnessed an increase in labour disputes, said Zhang. Motivated by the pursuit of profit, some employers infringe upon workers' rights and interests. Employees sometimes take into consideration only their individual interests and make irrational demands. Disputes, therefore, are unavoidable.

Under the old labour system, labour disputes were solved mainly through government administrative measures. These disputes now are submitted to co-ordination and arbitration committees consisting of representatives from labour departments, trade unions and work units, said Zhang.

Trade unions are established voluntarily and joined by workers. They are empowered to represent and safeguard workers' rights and interests. This has been confirmed in the country's Trade Union and Labour laws which went into effect in 1992 and at the beginning of this year respectively.

Trade unions have the following important roles in forming harmonious labour relations and protecting workers' rights and interests, Zhang said.

They participate in the formulation of rules and regulations in the labour field. In the past decade, ACFTU was involved in drafting and amending more than 60 rules and regulations.

Trade unions at all levels have collected workers' opinions and complaints, and reported them to the country's legislative bodies and relevant government departments so laws could be in line with labourers' interests.

Trade unions help workers sign, change or terminate labour contracts, said Zhang. The State no longer guarantees life-long employment; labour relations should be established through contracts, as stipulated in the Labour Law.

In signing contracts, special protection should be given to female workers, the old and the sick. Trade unions should prevent enterprises from dismissing workers at will.

Enterprises are not permitted to cut employees unless business demands it. Before doing so, they should inform higher level trade unions and get their permission. Dismissed workers should get some compensation, said Zhang.

Trade unions, on behalf of workers, sign collective contracts on an equal basis with management on their staff's payment, work hours, work safety, social security and social insurance.

To promote the collective bargaining system is the most important mission of trade unions said Zhang. The system now is introduced mainly into enterprises, especially foreign-funded and private ones.

In collective contracts, rights and obligations of the labour and management should be balanced. Each side's responsibilities should be clarified, said Zhang.

The Labour Law empowers trade unions to supervise the implementation of labour rules and regulations. ACFTU is working to install special supervising bodies, Zhang said.

Through the employees' conference, trade unions organize workers to participate in enterprises' democratic management. With forms of ownership becoming varied, management methods of enterprises are also different.

Trade unions should explore new methods for employees to participate in enterprises' management under different situations. In State and collectively-owned enterprises, workers' conferences should be established. In shareholding companies, staff representatives should sit on the boards of directors, Zhang suggested.

Results of 1994 Antismuggling Operations Reported

HK1302092695 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Jan 95 p 3

[By Yu Zhenzhong (0060 2973 0022) and Wang Xueyi (3769 1331 5030): "Customs Across the Country Achieved Marked Results in Antismuggling Struggle Last Year"]

[FBIS Translated Text] In 1994, China's Customs achieved great success in the antismuggling struggle by concentrating on key points and solving major problems. Throughout 1994, they identified 886 major smuggling cases, involving 3.73 billion yuan, and turned over to the state 2.2 billion yuan in the form of fines and confiscations, up 29 percent over the previous year.

In light of last year's smuggling activities, which were characterized by the use of fake certificates—including invoices, seals, and signatures—the Customs across the land concentrated on smuggling activities related to these "three fabrications." In three months alone, they discovered 180 major smuggling cases; smashed eight

gangs engaged in smuggling using the "three fabrications"; and seized 138 cars, 5,260 motorcycles, 20 cases of cigarettes, 10,000 air conditioners, and 34,860 air conditioning compressors [kong qi tiao jie ya suo ji 4500 3049 6148 4635 1090 4799 2623]. In 1994, they cracked 250 smuggling cases involving the use of "fake certificates—including invoices, seals, and signatures"—each of them involving more than 1 million yuan, with the total value reaching 1.15 billion yuan.

The General Administration of Customs organized 10 Customs offices to participate in a series of joint anti-smuggling operations, cracking down on the smuggling of means of production in Bacho Gulf, cigarette smuggling in the sea area off the Chang Jiang estuary, and smuggling boats plying the sea waters around the Zhu Jiang delta, between Hong Kong and Macao. In these three joint operations, 59 cases of smuggling were uncovered which involved 153.53 million yuan, and a large quantity of contraband items was seized, including 42,997 cases of cigarettes, 61 cars, 4,211 tonnes of rubber, 212 tonnes of industrial paper, 350 tonnes of finished oil, 1,253 color television sets, and a number of duplicators and microcomputers.

According to incomplete statistics, Customs in various localities hunted down and seized 36,749 tonnes of steel products, 6,000 cubic meters of veneer board, and 68,885 tonnes of finished oil, greatly helping the state to strengthen macrocontrol.

In 1994, Customs across the country also focused on criminals' smuggling of erotic items into the country, intercepting such items at sea, in ports, or at outlets. The Guangzhou, Shanwei, Jiuzhou, Xiamen, Beijing, and Tianjin Customs seized a large quantity of erotic printed matter and audio-visual products. In two operations, the Shanwei Customs discovered and seized large quantities of erotic books, periodicals, and playing cards, the like of which has never been seen since the founding of the People's Republic. The Tianjin Customs recently tracked down for the first time some computer softwares containing erotic materials which could be used immediately for plate making and color printing. According to incomplete statistics, Customs in various localities across the country seized a total of 289,000 items of erotic printed matter, including erotic audio-visual products.

Inspections To Curb Misleading Advertising

HK1302030295 Beijing CHINA DAILY in English 11
Feb 95 p 2

[By Ma Zhiping: "Inspection Should Curb Misleading Advertising"]

[FBIS Transcribed Text] A nationwide check of illegal advertisements has begun by administration and supervision bodies in China.

The move is in response to a recent State circular urging local governments to make a thorough check of advertising contents by the end of the month.

It's a step to help promote the implementation of the Advertisement Law, which came into force on February 1.

The focus of the inspection will be on advertisements carried by TV, radio, newspapers, periodicals, movies and outside advertisements, according to officials with the State Administration for Industry and Commerce, which issued the circular.

"Those who are found involved in illegal advertising activities are to be dealt with seriously according to the law," said Yang Peiqing, an official in charge of advertisement supervision.

She noted that the circular was issued to cope with many TV stations and other media that are still broadcasting or carrying illegal advertisements.

A sample inspection conducted by the State Administration for Industry and Commerce last month covered 1,500 advertisements on 11 regional TV stations in Beijing, Tianjin, Liaoning, Shandong, Shanxi and Hebei.

The inspectors found 90 separate illegal advertisements broadcast in those areas.

"In addition, the inspectors also found that many advertisements have hurt women's image, a problem which all mass media units must pay attention to and must make efforts to eliminate," said Yang.

Advertisement administrations at all levels will concentrate on checking six kinds of illegal advertisements this month.

One category is medical ads, which use the names and images of patients and doctors; carry overstatements or unscientific statements about the functions of medical products; fail to provide the official approval code; and those which have no necessary warnings such as 'please buy and use under a doctor's prescriptions.'

Inspectors will also be after advertisements of new medicines which have not been officially approved for production, and ads for food and cosmetics which may lead to misunderstandings among consumers because of medical terms.

Advertisements which try to promote a certain product by defaming the image of other products are also to be attacked during the nationwide check.

Advertisements which are likely to mislead consumers—such as an ad promoting a toothbrush saying it's used by most of the dentists in the world—will be stopped.

Ads that hurt the physical and psychological health of youngsters will also be a target.

Advertising is gaining more and more attention from the public, eager to know about new products, ideas and concepts, said a survey in Beijing recently.

However, results of the survey indicated that the public is least trusting of advertisements for cosmetics, medicine and food.

Economic Growth in Jan Up 11.4 Percent Over Jan '94

*OW1302081995 Beijing XINHUA in English 0722
GMT 13 Feb 95*

[FBIS Transcribed Text] Beijing, February 13 (XINHUA)—China yielded 123.7 billion yuan in industrial incremental value last month, up 11.4 percent over the same 1994 period, the country's State Statistics Bureau said today.

In its monthly bulletin, the bureau said that the non-state industrial enterprises witnessed a quicker growth rate than the state-owned ones.

Statistics showed that the industrial output of collective enterprises totalled 36.2 billion yuan-worth, an increase of 18 percent over the same 1994 period, while that of the state-owned ones reached 81.9 billion yuan-worth, up five percent.

Sales of industrial products reached 91.9 percent in January, 2.84 percentage points higher than a year ago, the bureau said.

Meanwhile, statistics showed that light industry registered a faster growth rate than heavy industry, the bureau noted.

The January light industry output value was 52.5 billion yuan, a rise of 14.5 percent over the same period of last year, while that of the country's heavy industry registered 71.2 billion yuan, up nine percent.

The bureau attributed the fast growth of the light and textile industries to brisk markets over the two holidays—the New Year Day and the Spring Festival period.

Production of most of the means of production, machinery and electronic products saw slow growth during the month, the bureau said.

Industry Minister Discusses Plans for Auto Industry

*OW1002142095 Beijing XINHUA in English 1409
GMT 10 Feb 95*

[FBIS Transcribed Text] Beijing, February 10 (XINHUA/OANA)—China will develop its automotive sector into one of its pillar industries in accordance with state auto industry policy, according to Minister of Machine-building Industry He Guangyuan.

China's automobile manufacturers are expected to produce 12 million motorcycles and 6 million motor vehicles in the year 2010, 70 percent of which are cars.

He made the remark at a national conference held in Shanghai, the largest economic center of China.

The conference, co-sponsored by the State Planning Commission and the Ministry of Machine-building Industry, focused on how China's automotive industrial policy will be carried out. The recently developed policy is a blueprint for the future development of China's auto industry.

The industry will generate an annual output valued at more than 1 trillion yuan, as well as providing 6.6 billion U.S. dollars in foreign currency by exporting some 400,000 cars and one million motorcycles by that year, he said.

By the year 2000, the industry should be capable of producing three million vehicles annually, half of them cars. China will invest 180 billion yuan to meet these goals.

According to the plan, China will set up some large factories to produce automobiles on a fairly large scale, and the production of parts will be emphasized.

For the next 15 years, China's auto manufacturers will concentrate on developing new products by themselves.

Meanwhile, new markets for autos are to be cultivated. Cars for individual families, for example, will be more and more available.

To Increase Output in '95

*HK1302030495 Beijing CHINA DAILY in English 11
Feb 95 p 5*

[By Zhou Weirong: "Auto Makers Expected To Step Up Output This Year"]

[FBIS Transcribed Text] China's automobile industry is expected to regain its momentum this year after a slight decline in output last year.

Auto makers are forecast to produce 1.4 million vehicles compared with 1.38 million last year, a 1.4 per cent increase.

The State plans to invest 6 billion yuan (\$714 million) in the construction of infrastructure for automobile projects this year. An additional 3 billion yuan (\$357 million) will be spent to upgrade the industry's technology, said Machinery Industry Minister He Guangyuan.

Priority will go to completing 130 projects aimed at supplying parts for the auto industry, he said.

The State will continue to merge small auto parts enterprises into groups and encourage them to expand their production and business scope.

More money will be put into upgrading the technology and production capacity of parts suppliers in coming years, he said.

He predicted that the automobile industry will soon become one of the country's major industries. The State

has mapped out a blueprint for the development of the auto industry for the next 15 years.

In the year 2010, the country will produce 12 million motorcycles and 6 million motor vehicles, 70 per cent of which will be cars, according to the blueprint.

Under the plan, the industry will generate annual output valued at more than 1,000 billion yuan (\$119 billion), and earn \$6.6 billion in foreign currency by exporting some 400,000 cars and 1 million motorcycles by that year.

By the year 2000, the industry should be capable of producing 3 million vehicles annually, half of them cars. China will invest 180 billion yuan (\$21 billion) to meet these goals.

The figures were released at a national conference held recently in Shanghai. The conference was co-sponsored by the State Planning Commission and the Ministry of Machinery Industry.

According to the plan, China will set up some large automobile factories and the production of auto parts will be emphasized.

For the next 15 years, China's auto manufacturers will concentrate on developing their own new products.

Machinery Industry To Boost Output in 1995

HK1302030695 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Feb 95 p 1

[By Zhou Weirong: "Cars, Power Equipment On Fast Track"]

[FBIS Transcribed Text] China's machinery industry output is expected grow by 10 to 12 per cent in 1995.

Sales income of the industry this year will grow by 15 per cent while total profits will be slightly higher than last year, according to the Ministry of Machinery Industry.

The tax and profit turnover ratio of production will be up one percentage point over last year's 8 per cent, which was 2 percentage points lower than 1993.

As a pillar industry accounting for nearly 25 per cent of the country's total industrial output, the steady growth of the machinery industry will guarantee that the State realizes its aim of a 15 per cent hike in total industrial output, experts said.

In 1995, the machinery industry will produce equipment capable of generating 15 million kilowatts of power and 1.4 million automobiles, said ministry officials.

Meanwhile, to support the nationwide efforts to beef up agricultural production this year, the ministry will also boost production of agricultural machinery.

The engineering machinery and machine tool industries are also urged to diversify their markets and improve quality to sharpen their competitive edges, said officials.

More technology-intensive and marketable products will be produced, boosting the capacity in providing equipment especially for building infrastructure.

This year, the country will also step up efforts to expand the export of machinery and electronic products to more countries and regions including Southeast Asia, the Middle East and South America, said Zhu Sendi, Director of the ministry's Department of Planning & Development.

He said the Export and Import Bank of China will provide more loans to support machinery exports.

By the end of the century, China is expected to become one of the top 10 exporters of this line, he said.

In addition, the machinery industry will continue to lay its focus on deepening the reforms of State-owned enterprises and transforming more enterprises into shareholding companies.

Tighter grips over the management of enterprises are needed this year to improve their performance and the quality and profit of the products.

The number of enterprises running at a deficit will continue to decrease in the coming months officials of the Ministry of Machinery Industry said.

Last year, the total output of the industry increased 12 per cent over the year before, much lower than the 24.6 per cent growth in 1993.

The drop was mainly due to a shortage of capital and weak demand, which caused many enterprises, especially large and medium-sized with stockpiled inventory, to lose money over the past few years.

The once-brisk demand has been cooled by the government's tight money policy and controls of fixed asset investment.

Early last year, however, the nation's economic indicators slowly began to improve, according to the ministry.

The State has issued a vitalizing programme of the machinery industry, aiming to narrow the gap of products' technical level and quality between China and the advanced countries of the world.

Decline in Machinery Industry Slows

HK1102030495 Beijing CHINA DAILY in English 10 Feb 95 p 1

[By Zhou Weirong: "Machinery's Decline Slows"]

[FBIS Transcribed Text] A serious decline in China's machinery industry in the past few years ended last year as economic indicators slowly began to improve.

The Ministry of Machinery Industry announced yesterday that in 1994, output of the industry increased 112.14 billion yuan (\$13.35 billion) to reach 425.04 billion yuan (\$50.6 billion), a 16.1 per cent increase over

1993. After taking inflation into account, the output value was 347.78 billion yuan (\$41.4 billion), up 12 percent from 1993.

Tax turnover and profits in 1994 climbed 8.2 percent to hit 34.25 billion yuan (\$4.08 billion).

Large and medium-sized enterprises witnessed an increase of 13 percent in their output value, higher than the average level of the industry.

In 1994, the industry produced equipment capable of generating 15.2 million kilowatts of power and large transformers producing 83.75 million kilovolt/ampere.

The output of vehicles reached 1.38 million, up 6.4 percent from 1993, including 250,000 cars, which was 11.1 percent more than 1993.

More technology-intensive products were produced, boosting the industry's capacity in providing equipment for infrastructure, said a ministry senior official.

With the improvement in export product variety, foreign trade volume of the machinery industry kept surging during the year.

According to customs statistics, the overall export value of machinery and electronic products in 1994 jumped 40.9 percent to reach \$32 billion, accounting for 26.5 percent of the country's total exports.

The export value of machinery products in 1994 was \$21 billion, a 43.9 percent increase over 1993. The export value in 1994 was almost three times that of 1990.

Although imports of machinery products increased 15 percent to reach \$57.2 billion last year, the rate declined 26.7 percent from 1993.

The import and export volume of foreign-funded enterprises is taking an increasingly bigger share in the industry, ministry officials said.

However, 1994 also witnessed a series of problems in the industry.

The industry's profit and tax turnover ratio was 8 percent of production, down 2 percentage points from 1993. The total profit decreased by 4.49 billion yuan (\$530 million), and the number of enterprises running at a deficit was still high. The quality of some products was still far from satisfactory.

Beijing To Develop Transportation Sector in 1995

OW1102091595 Beijing XINHUA in English 0855
GMT 11 Feb 95

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—China's transportation will continue to develop rapidly this year but will still lag behind the expansion of the economy, according to experts from the State Planning Commission.

They said that the railway system, the backbone of the country's transportation, is more most backward than the highways and harbors.

By the end of this year China will have more than 60,000 km of railways, 28 percent of which will be double-tracked and 17 percent will be electrified, according to the estimates of the experts.

The experts said that the track-laying of the 2,370-km Beijing-Kowloon railway will be completed by the end of this year.

The harbors' handling capacity will reach some 700 million tons by the end of this year, said the experts.

Highway construction will also proceed quickly, with the total length of the country's highways reaching 1.12 million km by the end of the year, 90,000 km more than five years ago, according to the experts.

In addition, construction of expressways linking Shanghai with Nanjing and Hangzhou and another linking Shenyang, the capital of northeast China's Liaoning province, and Changchun, the capital of Jilin province, will be quickened this year, they said.

Shanghai Spurs Development of Key Industries

OW10021336 Beijing XINHUA in English 1256
GMT 10 Feb 95

[FBIS Transcribed Text] Shanghai, February 10 (XINHUA)—Following restructuring efforts, this, the leading manufacturing center in the country, expects to see an accelerated development of its key industries in the coming years, municipal officials said.

In 1993 the municipality decided to give priority to the development of motor vehicles, communication equipment, iron and steel, power station facilities, petroleum and household electrical appliances, with the projected sales value of each of these six sectors reaching 20 billion yuan (about 2.35 billion US dollars), and with the six combined accounting for 50 percent of the municipality's total industrial output by the end of the century.

The latest statistics show that in 1994 Shanghai's total industrial sales reached 412.37 billion yuan-worth, of which 44 percent was achieved by the six key sectors, about six percentage points up from the previous year.

Because of the better-than-expected results, the municipality readjusted the target, calling on the six sectors to strive to reach the 50-percent goal in 1997, three years ahead of the previous plan.

In order to hit the target, the annual output of Santana-brand cars will be raised to 300,000 units from the present capacity of 200,000 units. If this materializes, the total motor vehicle sales value will come to 45 billion yuan.

Meanwhile, the sales value of communication equipment will reach 20 billion yuan, power station facilities,

15 billion yuan, iron and steel, 36 billion yuan, petrochemicals, 40 billion yuan and household electrical appliances, 24 billion yuan.

Finance & Banking

Stalled Reform Hinders Bank Commercialization

HK1302055895 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 13
Feb 95 p 4

[By Dede Nickerson]

[FBIS Transcribed Text] China's inability to overhaul its ailing state-owned enterprises is putting a damper on efforts to commercialise its banking system. Although a bankruptcy law is in place, the government's desire to maintain social stability serves as a hindrance to efforts to remove the burden of ailing enterprises.

"It's a complex issue. Putting it simply, enterprise reform and banking reform cannot be separated.

"There will not be significant progress with banking reform, as long as banks that are supposed to be 'commercial' banks continue to make bad loans to ailing enterprises," said an economist at the People's Bank of China (PBOC).

In late 1993, the central bank authorities announced that the Bank of China, the People's Construction Bank, the Bank of Agriculture, the Industrial and Commercial Bank of China and the Bank of Communications were to become "commercialised" state banks.

But such transformation takes time and since actual policy was announced, progress has been minimal. A report published by the PBOC last year points out that "although the separate establishment of the policy banks has laid a solid foundation for the transition to state-owned commercial banks from state-owned specialised banks, to realise the transition eventually depends on the transformation of the operational system of the enterprises, especially that of state-owned enterprises".

One financial official claims that last year "close to 90 percent of state bank loans went to state enterprises". While the figure is seemingly high and does not correspond with any published data, it points to the continuation of an alarming trend and ties the hands of Chinese banks.

The continuation of such lending practices creates a problem for foreign banks as well, "foreign commercial banks will be allowed to expand their presence, but the scope of their business will remain limited until China's banking reform moves ahead," said the PBOC economist.

Industrial output by state enterprises increased significantly in the fourth quarter of last year, particularly in the areas of energy, steel and non-ferrous metals. But the

overall performance of state enterprises was dismal compared with private and joint-venture companies.

Figures for last year are not yet available, but in 1993 China's banks lent more than three trillion yuan (about HK\$2.74 trillion). If 90 percent of that figure goes to state enterprises that often default or pay little to no interest, the problem is a costly one for the state, especially considering a significant portion of the loans goes directly to wages in order to pacify worker concerns over inflation.

But a growing consensus over the need to take serious measures to solve the problem as well as efforts by the state propaganda machine to publicise the issue are positive signs. "In the years to come, expect to see a lot more bankruptcies and mergers of poorly performing enterprises as part of a consolidation effort," says a bankruptcy lawyer, who is also one of the drafters of the national bankruptcy law. "The authorities are committed to solving the enterprise problem even if the costs to society are high."

A recent editorial in the People's Daily [RENMIN RIBAO] newspaper also pointed out that on average bank loans accounted for 80 percent of state enterprises' working capital. The phenomenon is not only a problem for the lenders. "If bank loans account for too high a percentage of floating capital, it is harmful to the self management of the enterprises," the editorial said.

"It is especially important that the enterprises pay the interest on their loans. However, if they borrow too much and have to pay too much interest, the price of their products will increase greatly.

"How can they compete with private enterprises and joint ventures?

The editorial reiterated that the state enterprise problem served as a tremendous obstacle for China's efforts to commercialise state banks. "If major state banks are transformed into commercial banks with 40 percent bad loans they will have a credit crisis," it said.

Banks To Standardize Credit Regulations

HK1302042495 Beijing CHINA DAILY (BUSINESS
WEEKLY) in English 12-18 Feb 95 p 1

[By Ding Xuemei: "Banks To Equalize Credit Regulations"]

[FBIS Transcribed Text] China is expected to issue its first unified regulations on loans this year to give the central bank a stronger weapon to better manage the country's credit practice.

The General Provisions on Loans, drafted by the People's Bank of China, will cover all commercial banks and financial institutions approved to grant loans. Wei Sheqiong, director of the bank's Legal Department, told Business Weekly.

The regulations are expected to take effect soon after the adoption of the Central Bank Law and the Commercial Bank Law in March, he said.

The provisions, which have used the credit and credit management regulations of some foreign commercial banks for reference, are meant to adapt to China's real situation and to come into line with international conventions.

The regulations will provide a legal foundation for the country's credit industry, which lacks a credit law.

The credit activities in China have been mainly conducted under different rules drafted by banks and non-banking financial institutions.

The official said that the provisions will also solve the industry's current problems.

The lack of a unified regulation has resulted in high risks and loss of loans, lowering the quality of credit assets and hindering the steady and healthy development of China's financial industry.

With the country speeding toward a socialist market economy, reformed financial institutions are calling for a unified law to protect their interests.

The legal rights and responsibilities for both creditors and borrowers are to be protected and defined in the provisions to guarantee loan activities of the two sides to be conducted under equal conditions.

The general provisions have made stipulations to every aspect related to credit, including the scope and object of loans, the period and interest rate of loans, rights and responsibilities for both lenders and borrowers, procedures of loans and supervision and management of loan quality.

Bank To Issue More Small Change To Combat Shortage

HK1302042695 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Feb 95 p 1

[By Xiao Zhou: "China Maps Out Plan To Issue More Small Currencies"]

✓[FBIS Transcribed Text] Speculators hoping to make big bucks with small yuan look like being the losers.

Chinese money officials, alarmed at an increased trend in using small-value notes for everything but spending, have moved to bankrupt the trend.

Speculation last year that notes smaller than 5 notes, and coins less than one yuan would be phased out led to a rash of get-rich-quick schemes.

The smart-money men reckoned cornering the market in the out-going currency would net them a lucrative income.

They planned to sell mint-condition notes and mounted collections of the defunct coins to tourists as genuine collectors items.

But, what would have been a nice-little-earner, in the parlance of the street trader, has gone sour.

Alert officials at the People's Bank of China plan to thwart the people making a mint out of money by pouring extra supplies of the small currencies into Shangdong, Zhejiang and Jiangsu provinces and cities like Guangzhou and Fuzhou in southern China.

The bank has mapped a plan to issue soon 50 per cent to 60 per cent more small face-valued notes than last year.

They hope it will narrow the gap between demand and supply of the small values.

Xia Liping, Director of the Currency Gold and Silver Department of the central bank said that the State will also take steps to upgrade the capacity of printing and minting currencies to tighten its grip over smaller valued notes.

It also plans to increase public awareness of their value and usage.

Other banks will also be encouraged to follow suit and to put more small changes into circulation and crack down on illegal use of the notes.

Financial experts say the use of credit cards should be increased to cut down the need for cash.

They hope with the increased use of credit card phones, electronic shopping and cash card machines people will come to accept that cash is outdated.

Experts say much of the problem in a recent shortage of small denomination coins and notes is because many families were keeping them in their children's piggy banks.

Recently the amount of 50 and 100-yuan notes in circulation were increased to ensure the farmers got cash instead of IOUs after selling their grain to the country, Xia said.

At the same time, small denomination notes are ruined and destroyed at an enormous speed, outpacing the output of small change by the banks.

In Zhejiang and Jiangsu provinces, the input of one-yuan notes increased 10 per cent annually, while the destruction of such notes was 45 per cent in recent years.

Units like one and two-yuan notes are more fragile in the quality of the paper than big notes, while they are used more frequently than the 100-yuan and 50-yuan notes in the market, resulting in the imbalance between big and small money, experts say.

Recently, some units and individuals have been found using RMB notes and coins to make various cards

booklets boxes, and balls, and then selling them at prices higher than their nominal values .

Meeting of Agricultural Bank Presidents Ends

SK1202640295 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 11 Feb 95

[FBIS Translated Text] The provincial meeting of agricultural bank presidents, which ended on 11 February, pointed out: Although agricultural banks separated themselves from policy-lending banks and began to turn into commercial banks, the aim of agricultural banks has not been changed and the dynamics of supporting agriculture continue to increase. Agricultural banks should continuously go all out to promote the province's rural economic development.

The meeting stressed: This year, agricultural banks across the province should emphatically support the development of high-yield, high-efficient, and good-quality agriculture; and persistently give seven first priorities in arranging credits. That is, support first the production of new, famous, and special products to expand the markets at home and abroad; support first the production of technology-intensive enterprises and technology-intensive products; support first the bases engaged in the production of high-quality agricultural commodities, such as grain, to enable them to have an appropriate scale of management; support first the construction of livestock production bases; support first crop-breeding-processing, production-supply-marketing, and trade-industry-agriculture integrated leading enterprise groups; support first the vegetable-basket project and the construction of foodstuffs production bases; and support first the construction of agricultural infrastructural facilities to ceaselessly enhance agriculture's reserve strength. This year, agricultural banks at various levels should vigorously support various new economic growing points with the focus on developing town and township enterprises; concentrate capital to support trade and enterprises with natural resources, advanced technologies, wide markets, and high efficiency; and support town and township enterprises' collectivization and proper-scale management and the development of pillar enterprises.

The meeting urged: We should positively support the construction of the rural market system, enliven the urban and rural commodity circulation, and support the rural areas to develop an export-oriented economy.

Center Expects Difficulty Reining In Inflation

HK1302124495 Hong Kong MING PAO in Chinese 25
Jan 95 p b2

[By special correspondent Shi Yufeng (4258 3768 1496):
"State Information Center Expects Difficulties in
Curbing Inflation"]

[FBIS Translated Text] China's economic forecasting department warned that although most forecast-makers

said that this year's increase rate of the price index would be obviously lower than last year's, if various factors unfavorable to the stability of prices are not effectively brought under control, the price index may still rise by about 20 percent in 1995.

Some economists held that inflation, as a monetary means, may also be used as a "lever" for economic regulation. If used properly, it would be favorable to economic reform within a certain scope, and would be especially favorable to price reform. So there is no need to be worried about inflation, and the key lies in properly controlling the "degree" of inflation.

According to China's economic cycles, a short cycle may last five years, and price fluctuations may occur one year later than the economic fluctuations. The peak of the current cycle appeared in 1993, and economic growth moved last year into a declining and adjustment stage. However, last year marked the peak of the price hikes. This year, economic growth will be slowed down further, and price increases also will abate somewhat. Therefore, efforts should be made to help enterprises overcome the difficulties caused to their production by shrinking gross demand, and to keep the economic growth rate as high as possible.

However, the report published by the Economic Forecast Department of the State Information Center pointed out: As prices continued to remain at a high level last year, the belated impact of the price increases will continue to exist in the first half of this year, and the rate of price increases will not go down until the second half of this year.

The report pointed out: This year, the state will tighten up control over the scope of credit, and wage reform will enter a stable period. Purchase prices for farm produce will not go up by a wide margin. All this will be favorable to the effort to restrain price increases.

Owing to last year's high inflation, the wage-earning class strongly demanded wage increases in order to offset the losses, so it will be very difficult to control the size of the consumption fund this year. In addition, the increase in the grain purchase prices and the wage increases for civil servants will increase costs and overheads. Price increases in the international market also will have an impact on the price situation in China. The decrease in grain output last year will still leave an unfavorable shadow over this year's situation. The continuing negative interest rate of bank deposits will be unfavorable to stabilizing resident's consumption mentality. All this will add difficulty to this year's efforts to curb inflation.

On the other hand, some economists in Beijing pointed out: Since July 1993, China's tight monetary policy lasted 16 months. Normally, when money supply is tightened up for eight to 10 months, the rate of price increases will be lowered markedly, but price increases did not abate last year. This showed that the current round of inflation was not caused mainly by excessive

money supply. At the same time, in a high inflation situation, residents' income and savings still increased substantially, and retail sales increased slowly. Therefore, last year's price increases were not caused by the expansion of consumption needs.

The experts thus concluded that although the inflation rate was high in 1994, it was not vicious inflation and did not constitute a major threat to the healthy development of the economy. It only had a certain unfavorable impact on social stability. So the problem should not be taken lightly, nor should it be taken nervously.

Analysts Assess Decision To Raise Savings' Subsidy Rate

HK1102074495 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 11 Feb 95 p 4

[By Dede Nickerson in Beijing and agencies]

[FBIS Transcribed Text] China's decision to raise the subsidy rate on long-term savings deposits by 1.5 per cent would help cool the economy but would also hurt state-owned banks, analysts say.

The People's Bank of China said it would increase the indexed subsidy rate on fixed-term yuan savings deposits of three years or more from 10.38 per cent in February to 11.87 per cent in March. The subsidy is applied to three-, five- and eight-year deposits with interest rates of 12.24 per cent, 14.94 per cent and 17.64 per cent, respectively, to generate an actual interest earned of 25 per cent and more.

"This move is not an encouraging sign as far as the battle against inflation is concerned, as the subsidy rate is a clear indication of the true rate of inflation," a government economist said. "It's not likely that the banks will be able to hold such high rates for any length of time, but right now banks need cash and are taking serious measures to attract deposits."

Right now the ploy is working. Individual deposits totalled 2,150 billion yuan (HK\$1,950 billion) at the end of last year, an increase of 631.53 billion yuan over 1993. The depositors who will truly benefit are those who put their money in the banks a few years ago, because the subsidy period goes back to July 1993.

"The return is tremendous, it beats anything you can get on the equity or bond markets," said Ma Guonan, senior economist at Peregrine Brokerage in Hong Kong. He said that more Chinese putting their money in the bank instead of spending or investing it had helped curb inflation.

Consumer prices rose at an annual rate of 25.5 per cent in December last year, down from 27.5 per cent in November. "A further rate rise would be worrying because it would eat into the profitability of the banking sector," said Mr Ma.

Chinese banks are now forced by the government to lend at low rates and borrow at higher rates. The government fears higher lending rates would aggravate problems at state enterprises and cause unemployment. More than a third of China's state enterprises lost money last year.

New York-based rating agency Moody's Investors Service said in a report this week that China's state-owned specialised banks may be forced to write off a significant portion of their loans in coming years due to problems at state firms. It also said they lacked the skills for sound commercial lending.

The agency said the credit quality of the three leading state banks may decline as the government reforms the banking system and lets them fend for themselves. They are the Industrial and Commercial Bank of China, the People's Construction Bank of China, and the Bank of China.

According to the State Statistics Bureau inflation fell by two per cent in December. However, this does not correspond with the increase in the subsidy rate.

An article in the China Securities News entitled "The Relationship Between Inflation and the Index-Linked Subsidy Rate" explains that the subsidy rate is reflected both month-to-month and in annual increases in the consumer price index.

According to the article, the subsidy rate will continue to rise until July, topping out at 13 per cent. "This figure greatly exceeds some people's expectations. People believed that a reduction in the subsidy rate was more likely than an increase because of the decline in the price index in December," the article said.

The subsidy rate also applies to government treasury bonds. The news should further strengthen the current surge in government notes. The government economist said that the subsidy rate increase would not provide much impetus for domestic investors to punt Chinese stocks. "Bank deposits and bonds are more comprehensible to people and such rates are hard to resist."

"But it just can't last," he said.

Shanghai Experts Divided on Personal Savings

OW1302084295 Beijing XINHUA in English 0756 GMT 13 Feb 95

[FBIS Transcribed Text] Shanghai, February 13 (XINHUA)—Finance experts here are divided on whether last year's record-high increase in personal savings will emerge as a remedy for restructuring local enterprises or a time bomb ready to disturb the marketplace.

The latest statistics from the Shanghai branch of the People's Bank of China, the central bank, show that 1994 saw a record growth in the city's individual savings, which, by the end of last year, came to 39.7 billion yuan (about 4.7 billion U.S. dollars) more than in the year before.

According to a government survey, the overall income of Shanghai residents grew some 40 percent last year.

The experts said that the increased incomes have encountered relatively "narrowed" investment channels, as the Shanghai stock market has remained in the doldrums for quite a long time.

Putting money into banks, which is risk-free, has become the first investment choice for most residents, they said.

The experts also pointed out that, despite a generally bountiful market, a consumption vacuum has appeared as a buying spree for household electrical appliances has ended while cars and apartments are still beyond the reach of the majority of the urban population.

This has also forced people to save their money in banks, they noted.

They said that they are not certain whether the 39.7 billion yuan net increase in personal savings will turn out to be instrumental in improving the structure of local enterprises or destructive to the normal operation of the market, as the figure represents potentially huge purchasing power.

RENMIN RIBAO Views National Bond Market

HK1302083795 Beijing RENMIN RIBAO in Chinese 5 Jan 95 p 2

["Economic Viewpoint" column by staff reporter Shi Mingshen (2457 2494 1957): "Why Is National Debt Market 'Explosive?'"]

[FBIS Transcribed Text] Editor's note: The "Economic Viewpoint" column meets its readers for the first time today. This column mainly reports, analyzes, and discusses economic phenomena and issues which are of concern to the public, striving to be close to life and the masses. We hope to run this column as a site for observing economic phenomena and a place for discussing economic issues. Readers are welcome to air their valuable opinions on this column." [end editor's note]

Immediately after his return from Shanghai on a business trip, Lao Zhang phoned many of his friends: "Hello, now the national debt market is particularly 'explosive.' I want to study the interest rate, value-guaranteed subsidy rate. I'm engaged in forward national debt!" "If you have any good ideas, please give me some advice."

Recently, the national debt markets in both Shenzhen and Shanghai have been booming. The prices of both spot and forward national debts constantly go up and the transaction volume repeatedly breaks records. When the Shanghai Stock Exchange was first established, national debt transactions accounted for a considerable proportion. At present, the daily transaction volume always reaches several billion yuan and once it even topped 800 billion yuan. The Shenzhen Stock Exchange, which was used to trade only shares, has also started to deal in spot

and forward national bonds. After a short period of 2 months the daily transaction volume has exceeded 1 billion yuan. Simultaneously, the stock exchanges in other parts of China hung boards in their windows carrying the words: "Open your account here for spot national debt." In the newspapers, articles analyzing the national debt market and about lectures on spot national debt knowledge were appearing frequently. Quite a number of people like Lao Zhang who have attempted to but have accomplished nothing on the stock market for a long time have started to use their brains and joined the ranks by "cutting flesh and minimizing losses." Such being the case, the "explosive" national debt market has become the talk of the town.

Since 1981, China has restored the issuance of national bonds and the accumulated amount issued has exceeded 300 billion yuan. According to an analysis, the performance of national bonds has been good recently for the following main reasons:

First, the circulation of state treasury bonds is good and their reputation is dependable. The feature of stable income is being recognized by the general public. Particularly in 1994, the inflationary pressure gradually became serious and the people's salaries, wages, bonuses, and savings deposits also increased considerably. The interest rate for state treasury bonds is comparatively high, it is guaranteed by government credit, it is convenient to cash them, and the state treasury bonds yield stable income. All these become favorable points for the residents and investors.

Second, the value-guaranteed subsidy rate is attractive. In July 1993, the state adjusted the bank rate to a higher level. Simultaneously, it declared that the 1992 and 1993 national bonds were subject to value-guaranteed subsidy. Recently, newspapers have continuously disclosed forecasts of the future economic situation by authoritative departments concerned. Due to the expectation of a high inflation rate, investors see the chance of making money is drawing near. For instance, the value of the 3-year national bond from 1992, when due, is 128.5 yuan. On 1 December 1994, the value of the said bond in Shenzhen Stock Exchange reached more than 140 yuan. This reflects the investors' expectation of next year's value-guaranteed subsidy rate.

Third, the buying back of national debt becomes an important means of short-term financing. The so-called buy back means the seller can attach a fixed condition when selling the bond in his hand and then, within a fixed period, he buys back at the prefixed price or profit rate. The average amount of this sort of national debt transaction in Shenzhen and Shanghai reaches tens of million yuan a day.

Fourth, in light of the unlawful activity of selling short national debt for profit in several securities institutions, the Ministry of Finance, the People's Bank of China, and the China Security Control Commission jointly issued a circular, firmly curbing short selling of national debt and

forcing the short sellers to buy back in large quantities within a limited period. Thus, the situation of supply exceeding demand become even more serious in the small-scale national debt market, pushing up prices continuously.

The national debt market is extremely active and it is without doubt that it will be favorable to the issuance of this year's national bonds. However, the sudden fluctuation of the price of national debt and excessive speculation are unfavorable to the development of the national debt market. Looking forward to 1995, the duration and kinds of national debt will be even more diversified in order to add new financial commodities to the market. Aside from short and medium categories, such as the 6-month period and the 1-, 2- and 3-year period, from now on, the 5- and 8-year period long-term bonds may become the target of key development. Following the deepening of financial restructuring, the central bank will certainly enforce open market operations, hence the proportion of national debt sold to organizations is expected to increase. This will enable the bonds to flow into the market and provide ample funds. A national debt first-grade jobber system will also be gradually established to fully utilize the jobbers' function and this is the basis for reducing speculation and attaining steady development.

To counter the existing problem in the national debt market, the specialists concerned suggest: 1. Fixing the national debt rate should be scientific and reasonable and be close to the market. 2. The department concerned should stop the spread of false information as this is the basis for stabilizing the market and checking excessive speculation. 3. Improve the national debt transactions means and settlement system and break up the present situation of mutual split in the national debt market to reduce the cost of transactions, prevent the risk of credit, and raise the efficiency of transactions.

Tianjin Futures Trade Center Officially Established

SK1002003895 *Tianjin TIANJIN RIBAO in Chinese 14 Jan 95 p 1*

[FBIS Translated Text] Examined and verified by the China Securities Control Commission and approved by the State Council, the Tianjin joint futures trade center has officially become China's pilot futures trade center, indicating that Tianjin's futures market has entered a new stage.

Under the direct leadership of the China Securities Control Commission and the Tianjin municipal government, the Tianjin joint futures trade center was established on the basis of the former Tianjin metal trade center, Beiyang (Tianjin) commodity trade center, and Tianjin commodity trade center in line with the principle of standardization.

The municipal government regarded the establishment of the joint futures trade center as an indispensable

component of its endeavors to develop the socialist market economy, improve the market system, and build Tianjin into the financial, commercial, and trade center of north China. It organized a preparatory group for the joint futures trade center with Li Shenglin, executive vice mayor, as the leader; Zhang Haosheng, vice mayor, as the deputy leader; and competent personnel from the former three trade centers as the members. Based on the evaluation conducted by experts and the study conducted by the municipal government, decisions were made on the president and vice president of the joint futures trade center. On 26 December last year, the China Securities Control Commission strictly examined the Tianjin joint futures trade center in line with the principle of "unifying institutions, unifying accounting, and unifying services" and verified that its trade constitution and trade regulations conform to the requirements of the "circular of the China Securities Control Commission on ratifying the constitutions and trade regulations of futures trade centers." On 28 December last year, the State Council officially approved to designate the joint futures trade center as a pilot futures trade center.

The Tianjin joint futures trade center is a nonprofit legal entity that provides the space, facilities, and services to the trade of standard futures contracts and that implements the management system characterized by self-discipline and the membership system. Its purpose is to maintain good reputation, stress efficiency, exercise standard management, and provide good-quality services. It has a congress of membership units, its highest organ of power; a board of directors, a permanent organ of the congress of membership units; and a supervisory commission. It implements the president responsibility system under the leadership of the board of directors. The Tianlong, Tianyang, and Tianbin trade halls were established. The joint futures trade center is equipped with developed information transmission systems to link with important information centers at home and abroad as well as domestic trade centers and to provide and receive information through the Zhongguangwei, Sade-lan, Shihua, and picture-character television systems.

The Tianjin joint futures trade center has over 200 membership units from over 20 provinces and municipalities. Some of them are enterprises with substantial strength, and others are credible brokerage companies. The joint futures trade center currently deals in the trade of metals, nonmetal materials, and farm and sideline products. Tianjin's red beans have become a variety with fairly significant influence and the transactions of copper and aluminum have also started successfully. The current daily transactions total about 300 million yuan, with the highest amount reaching 1 billion yuan. Transactions have risen steadily to a certain scale, marking a good development trend.

Tianjin Plans Stock Exchange for 1995

OW1102090895 *Beijing XINHUA in English 0836 GMT 11 Feb 95*

[FBIS Transcribed Text] Tianjin, February 11 (XINHUA)—This north China port city will continue its efforts to set up its own stock exchange in 1995.

It will be the third in the country, following those in Shanghai and Shenzhen.

This is one of the primary tasks of the city in its efforts to build Tianjin into a regional financial center, according to Qiao Baoliang, general manager of the Tianjin Financial Capital Co.

Qiao said that the trading volume of securities in the city hit 80 billion yuan-worth in 1994, some 5.7 times more than in the previous year. There are now 76 kinds of securities traded on the city's Securities Trading Center, the number of whose members (90 percent of them are from outside the city) had increased to 285 by the end of last year.

As a member of the Shanghai-based China Foreign Exchange Trading Center, Tianjin's foreign exchange market enjoyed stable development last year, with altogether 1.77 billion U.S. dollars-worth of shares traded.

Local foreign-funded enterprises sold 350 million dollars-worth and bought 470 billion dollars-worth of stocks at the market last year. Analysts predict that, due to Tianjin's foreign trade development, the stable momentum in the foreign exchange market can be expected to continue.

Qiao said that the city plans to set up a foreign exchange inter-bank lending market within the year. Meanwhile, it will open foreign exchange forward trading on a trial basis.

To back up the city's economic growth, Tianjin will further promote capital market expansion this year. Last year, over 50 billion yuan was handled in the market, up 36 percent over the previous year.

The total deposits and loans in the city reached 80 billion yuan and 92.5 billion yuan by the end of 1994, up 37.9 percent and 21.2 percent, respectively, from the previous year.

Deposits and loans of the nine foreign branch banks in the city rose by three times and 8.5 times, respectively, last year, and their returns were 27 times the previous year's figures.

Foreign Trade & Investment

Reportage on Intellectual Property Rights Issues

Party Elder Says 'War' an Option

HK1102044995 Hong Kong LIEN HO PAO in Chinese
11 Feb 95 p 1

[Report by special correspondent from Shanghai: "Chen Yun Arrives in Shanghai After the Spring Festival and Advocates Taking a Tough Stance Toward the United States in the IPR Talks"]

[FBIS Translated Text] It is being said that Chen Yun, one of the CPC founding fathers, has arrived in Shanghai

to get away from the cold weather, and he has taken a tough stance on the Sino-U.S. intellectual property rights [IPR] talks.

It is being said that Chen Yun was hospitalized in Beijing last December; he had not been feeling well for some time [shen ti yi du bu jia 6500 7555 0001 1653 0008 0163.] but was getting better following some medical treatment. He left the hospital and returned to his Beijing residence before the spring festival.

It is believed that Chen Yun set off for Shanghai after the spring festival because Beijing's cold, windy, and dry weather did not suit him. Considering the fact that Chen Yun was able to take a trip away from Beijing, he must have recuperated fairly well.

According to a Shanghai official, Chen Yun summoned the major leading cadres of Shanghai for discussions [tan hua 6151 6114] after his arrival in Shanghai, and the meeting touched on the Sino-U.S. dispute over the IPR issue.

It has been learned that Chen Yun said that it is imperative to take a tough stance on the Sino-U.S. IPR issue; it is no big deal, he said, "at its worst, we would only have to fight another War To Resist U.S. Aggression and Aid Korea [zui duo zai da yi ci kang mei yuan chao 2584 1122 0375 2092 0001 2945 2123 5019 2266 2600]."

It is believed that Chen Yuan's speech has already been relayed to the highest levels of the central leadership by the Shanghai officials. Chen Yun's opinion will have considerable effects on decisionmaking in the highest echelon. The Sino-U.S. IPR talks are to reopen in Beijing next Wednesday [15 February]; however, there is no sign whatsoever that Beijing will make any concessions.

Shenzhen Customs Uncover Cases

HK1302062495 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1007 GMT 9 Feb 95

[FBIS Translated Text] Shenzhen 9 Feb (ZHONGGUO TONGXUN SHE)—Shenzhen's Mankamtu Customhouse recently uncovered two cases of intellectual property rights [IPR] infringement and prevented the goods from leaving the border.

On the evening of 13 January, an electronics company in Fenggang declared the export of a batch of double-cassette and cassette-recorders for automobiles. Through checking up, workers at the customhouse found that they were actually 100 fake cassette-recorders for automobiles of a famous Japanese brand and 1,500 cassette-recorders copying another famous Japanese brand. In the afternoon of 19 January, a truck driver with the surname Chen from a certain Hong Kong transportation company driving a Guangdong truck declared to Mankamtu customhouse the export of 470 cases of oranges. A customhouse check-up showed that there were 3,960 pirated computer software discs and 2,500 pirated CDs hidden in the cases.

It is learned that the aforesaid cases of IPR infringement have already been transferred to the related departments for further investigation.

'Source' Details Crackdown Violations

HK1102073695 Hong Kong HONGKONG STANDARD in English 11 Feb 95 p 6

[By Pamela Pun, Cecile Kung and agencies]

[FBIS Transcribed Text] Beijing is reported to have ordered local governments to crack down on copyright violations. The call comes as Chinese and United States negotiators prepare for eleventh-hour meetings next week in a bid to avert a damaging trade war, sources and news reports said yesterday.

In an emergency telephone bulletin on Thursday [9 February], the State Council, or cabinet, informed all provincial authorities "to further strengthen work" on the protection of intellectual property, a local report said. It quoted the directive as saying that intellectual property protection was a "state policy" and has nothing to do with any country's demands or benefits.

A provincial government source in Guangdong declined to confirm whether such a directive had been issued, but said: "China has taken the issue of protection of intellectual property seriously." "It is a serious mistake to consider China as a bustling centre of such pirating businesses," he said.

He said recently, operations carried out in various cities, including Shenzhen, with "millions of video tapes" confiscated. The source also reported that the authorities had smashed the country's largest syndicates specialising in pirated CDs by closing plants in Chaoyang and Punyi near Hong Kong and Zhongshan and Zhuhai near Macao. It said more than 800,000 CDs were seized in the operations.

The source said at least five companies were under investigation—including some with Hong Kong interests—but gave no details of actions taken by the authorities. The report identified the companies as including Zhuhai Rongyi Video Music, Zhongshan Yisheng DC Manufacturing Co and Zhuhai Cassette Tape and Video Music Publication Co. [passage omitted on comments by US lawyer Joseph Simone of Johnson Stokes and Master and US Trade Representative Mickey Kantor]

Meanwhile, a local media poll of Taiwanese factory managers showed they thought a Sino-US trade war would have a big impact on Taiwanese investors in China. In the event of a trade war breaking out, half the respondents said they would get around US restrictions by exporting their China-produced from Taiwan, rather than from the mainland. [sentence as published]

Also in Hong Kong, a Chinese lawyer yesterday told a seminar that China had so far created 13 Intellectual

Property Courts. He added that more courts would be set up along the country's coastal and economically booming areas. In Shanghai, an academic predicted a Sino-US trade war would be averted because it was in the interest of neither side, Shanghai's Business News reported. Xue Rongjiu, a professor at the Shanghai Foreign Trade University, told the paper that agreement could be reached if both sides were more flexible.

Beijing City Efforts Reported

OW1102090595 Beijing XINHUA in English 0849 GMT 11 Feb 95

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—China's capital has been exerting great efforts to protect intellectual property rights [IPR] by handling 448 cases in this sector over the past three years.

Beijing started work on the protection of intellectual property rights in 1985, and set up intellectual property right divisions in its Higher People's Court and intermediate courts in 1993 as organs specializing in settling cases involving copyrights, patent rights, trade marks and technological contracts.

Court officials said that their handling of infringements of intellectual property rights is concrete, timely and democratic, and the rights of both Chinese and overseas citizens are protected.

The Beijing Paris Mill Foods Corporation, a Sino-foreign joint venture, for example, won a lawsuit against the city's Sun Town Store, in which the store was accused of pirating the corporation's trade marks.

Beijing Strengthens Law

HK1302062295 Beijing XINHUA Domestic Service in Chinese 0123 GMT 11 Feb 95

[By reporter Niu Aimin (3662 1947 3046): "Beijing Strengthens Protection of IPR by Law"]

[FBIS Translated Text] Beijing, 11 Feb (XINHUA)—Beijing has strengthened protection of intellectual property rights [IPR] by law. The people's courts at all levels have handled a total of 448 cases over the past three years concerning disputes over IPR, including disputes over the patent rights, trade marks, and technological contracts. Some 407 cases, or 91 percent, have been wound up.

According to a presentation, since 1985, the people's courts in Beijing have been carrying out judicial work on IPR. In July 1993, in order to increase the strength of protection for IPR by law, special courts for trying IPR cases were established in the municipal's higher and intermediate people's courts respectively. The IPR cases which have been handled include disputes over industrial property rights, such as patents, trade marks, factory and shop names, service logos, unfair competition, and technological contracts, plus disputes over the copyright of literary, science, and artistic works.

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Since their establishment, the special IPR courts in Beijing's higher and intermediate people's courts have endeavored to explore new forms through practice for trying IPR cases in order to suit the specific features of such cases. They have strengthened the following three links—the testimony of persons concerned, the collegiate system, and the open handling of cases. In legal proceedings, all people and organizations are equal before the application of laws, no matter whether they are Chinese or foreign nationals, legal persons, or other organizations. In handling cases, whether mediation or trial, all cases are handled legally, fairly, and in a timely manner. For example, in handling a case of dispute, in which the Paris Damofang Food Company Limited in Beijing sued the Beijing Taiyangcheng Mall for trade mark infringement, the Beijing Municipal Intermediate People's Court held that without the permission of the Damofang Company, the Taiyangcheng Mall had used a counter exclusively for the former company to sell bread with the registered trade mark of the company and had thus infringed on the rights and interests of the trade mark owner. In a court decision, it ordered the mall to stop this infringement and pay for the economic losses thus incurred by the Damofang Company. After the judgment, the foreign representative of the Damofang Company spoke highly of the people's court for having protected the legitimate rights and interests of the IPR owner, saying they would increase investment in China this year.

Shanghai To 'Enhance' Trial Work

OW1202130195 Shanghai People's Radio Network in Mandarin 2300 GMT 11 Feb 95

[From the "990 Morning News" program]

[FBIS Translated Text] Using legal means to protect intellectual property rights [IPR] has become one of the important trial tasks for all levels of the people's courts in the municipality. On 11 February, (Li Guoguang), municipal higher court vice president and presiding judge for the IPR court under the municipal higher court, revealed that last year Shanghai courts handled a total of 225 first-offense IPR cases, up 5.63 percent from the previous year. Yesterday, a person in charge of the municipal higher and intermediate courts said that this year all levels of the municipality's courts will further enhance IPR trial work and seek new breakthroughs by utilizing the criminal code as a weapon to crack down on IPR-related crimes.

'Special Article' Stresses Enforcement

HK1302081595 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0907 GMT 12 Feb 95

["Special article" by reporter Lin Ying (2651 7751): "China Intensifies Enforcement of Intellectual Property Rights Protection Law"]

[FBIS Translated Text] 12 Feb (ZHONGGUO TONGXUN SHE)—China is a developing country,

whose legislation on protecting intellectual property rights [IPR] lags 30 to 50 years behind that of the developed nations in Europe and the United States. China started to gradually draft IPR protection laws in the mid-1980's and has taken only 15 years to establish a relatively perfect copyright law system. However, because the public lacks the copyright concept and all localities have insufficiently enforced the law, piracy has run wild. Beginning last year, the authorities have particularly intensified law enforcement and have stepped up the crackdown on piracy activities, which has eased legal disputes at home and between Chinese and foreign parties over intellectual property rights.

Shen Rengan, deputy director of the State Copyright Bureau, recently pointed out: Since 1985, China has drafted the "Trademark Law," "Patent Law," "Copyright Law," "Technology Contract Law," "Regulations for Computer Software Copyrights," "Law To Oppose Abnormal Competition," "Decision on Punishing Copyright Violations," and other laws and regulations for protecting copyrights. China also joined the UN World Intellectual Property Organization, Paris Convention on Protecting Industrial Property Rights, International Patent Accord, Madrid Agreement on International Trademark Registration, Bern Convention on International Copyrights, World Copyright Accord, and other major international IPR accords. On the question of legislation, the mainland has coordinated with international standards and has established a relatively perfect IPR legal system.

However, piracy activities have taken advantage of the deviations in China's protection of IPR, law enforcement, and public understanding as well as a lack of relevant knowledge among the public and the large territory, which was beyond reach by the law enforcement authorities. For this reason, China strengthened the building of law enforcement since last year and set up IPR courts in the higher courts of Beijing, Shanghai, Guangdong, Fujian, Hainan, Shenzhen, Chongqing, and Nanjing. The intermediate courts of the special economic regions also set up IPR courts.

The number of such courts totaled 13 by January 1995.

Meanwhile, mainland authorities stepped up efforts to train qualified personnel for IPR protection. For example, the State Education Committee especially set up a "China IPR Training Center" in the Chinese People's University. Apart from an IPR College set up by Beijing University, many other institutions of higher learning have also offered IPR courses. At the same time, the mainland has also trained professionals involved in copyright management, copyright agents, and copyright trials as well as solicitors engaged in copyright. There are also copyright lectures in television and radio programs, which are aimed at educating the masses.

In law enforcement, the authorities concerned adopted measures since last year to sternly crack down on reproduction and piracy activities, particularly the production

and sale of pirated compact discs, laser discs, books, and magazines. According to statistics released by the China State Copyright Bureau, from October 1994 to the present, the mainland's copyright management organs, press and publication management organs, public security organs, and industrial and commercial management organs retrieved 2.2 million pirated compact and laser discs and 1.6 million copies of pirated books and magazines. The pirated compact and laser discs and books retrieved were all destroyed. They also closed six production lines of four factories involved in the illegal production of compact and laser discs. At the same time, they exercised strict supervision over the 36 existing production lines nationwide, which were ordered to undergo reorganization and re-registration, in order to check the illegal production of audio-video products.

In protecting patent rights and maintaining the order of the patent market, the mainland has also done fruitful work recently. According to statistics from the State Patent Bureau, the country received a total of around 6,000 IPR cases by the end of last year and wound up more than 4,800 cases, the rate of cases settled reached as high as 80 percent. This fully indicated that China attached an increasing importance to the question of copyrights and patents.

The State Copyright Bureau recently issued the "Circular on Registration of Contracts for Publishing Foreign Audio-Video Products," which stipulated that the audio-video publication units which publish all sorts of audio-video products, including cassettes, video tapes, compact discs, and laser discs for other countries, Hong Kong, Macao, and Taiwan, must first get permission from the copyright holder or producer, and then sign contracts. The signed contracts must be submitted to the State Copyright Bureau for registration. In light of the seriousness of the case, the State Copyright Bureau will give a warning, impose a fine, or take disciplinary action against the units or individuals who publish foreign audio-video products without registration. If the practice constitutes a violation of the law, the case will be handed to the judicial organs for further investigation. All these measures demonstrate that the authorities are intensifying their efforts to enforce IPR laws.

Guangzhou Cracks Down on Shops

HK1302121395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1049 GMT 12 Feb 95

[Report: "Guangzhou City Government Sweeps Shops Selling Pirated CDs in Joint Operation"]

[FBIS Translated Text] Guangzhou, 12 Feb (ZHONGGUO TONGXUN SHE)—Yesterday, the Guangzhou City Government and the Haizhu District Law Enforcement Department mounted a joint operation to wipe out shops selling pirated CDs in the Haizhu Electric Appliances Plaza.

In the afternoon, a joint task force composed of personnel from the cultural, industrial, and commercial

departments, as well as the antiriot brigade, rushed directly to the plaza. Some shop owners sensed that something was wrong and wanted to close the doors, but they were too late. The law enforcement personnel found pirated CDs there, as well as those selling them. When the inspection personnel arrived at several shops, the shelves were empty, but the inspection personnel nevertheless found some things in hidden places. The owners of a number of shops selling pirated CDs were disheartened.

This operation seized more than 2,000 pirated CDs, and four shops that were seriously involved in selling pirated CDs were ordered to close business for rectification.

Shanghai Stiffens IPR Protection

OW1302084195 Beijing XINHUA in English 0813 GMT 13 Feb 95

[FBIS Transcribed Text] Shanghai, February 13 (XINHUA)—In 1994 the courts in Shanghai handled 204 cases concerning the violation of intellectual property rights.

In one case, Jiang Zhijiang, director of a car muffler factory in east China's Zhejiang Province, was sentenced to six and an half years in prison and fined 30,000 yuan by the court of Fengxian County, Shanghai, for trademark piracy. He obtained 1.5 million yuan through counterfeiting the Volkswagen trademark.

Last year, Shanghai's courts undertook 225 cases concerning intellectual property rights, an increase of 5.63 percent over 1993, according to Li Guoguang, deputy president of the Shanghai Municipal Higher People's Court and chief judge of the court's Intellectual Property Division. Of these cases, 34 concerned trademark disputes and 37, patent rights.

Last year, Shanghai dealt with its first copyright dispute with an American citizen as the defendant and its first copyright dispute concerning a ballet.

The court deals with such cases in line with both Chinese laws and the international conventions and agreements China has signed, Li said. When Chinese laws and international conventions conflict, international conventions will be adopted, with the exception of articles China insists upon, he explained.

Chinese courts impose harsh punishment for intellectual property rights piracy. Of 29 people tried for counterfeiting trademarks last year, two were sentenced to five or more years in prison, and ten to five years or less.

Ministry Readjusts Control Over Export Licenses

HK1302083595 Hong Kong WEN WEI PO in Chinese 6 Jan 95 p C3

[Report: "Control Over Export Licenses Is Readjusted"]

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[FBIS Transcribed Text] The Ministry of Foreign Trade and Economic Cooperation [Moftec] has adjusted the nomenclature and coding of the commodities which are subject to export license control in 1995, as well as the license-issuing offices. It has also worked out a new catalog of commodities subject to export license control.

According to a "Circular on Printing and Distributing the Catalog for the Commodities Subject to Export License Control at Different Levels," which was issued by Moftec on 1 November 1994, starting from 1 January 1995, license control over the export of nickel products is lifted; ephedrine is put into the ephedrine category, a toxicogenic chemical; electric fans and some interlock fabrics are ruled as commodities under general export license control; and the cement category includes cement clinker.

From 1 January 1995, the Quota and License Affairs Bureaus and the special representative offices (called "special office" hereinafter) stationed in various localities are authorized to issue licenses for paraffin, cement, cotton/polyester bleached fabrics, rabbit hair, carpets, and fresh royal jelly (powder). The quotas for all these commodities will be granted by inviting tenders on a trial basis.

The 24 export commodities which are subject to quotas granted through tender on a trial basis are: Logs, ginseng, magnesium and its primary products, fluorite powder, garlic, ramie yarn, ramie grey fabric, ramie tow/top, refined ramie, honey, cotton bleached fabric, rush and its products, licorice root products, cashmere, hairless down, licorice root, cement, paraffin, peppermint camphor (oil), cotton/polyester bleached gray fabric, rosin and pine resin, rabbit hair, carpet, and fresh royal jelly (powder). Of these, licenses for five commodities, namely, ginseng, magnesium and its primary products, peppermint camphor (oil), cashmere, and hairless down, will be issued by the authorized special offices, to which all foreign trade firms are to apply for the related export licenses. As to the 19 other quota commodities, the Beijing-based foreign trade (or industry-trade) companies affiliated to central departments will apply to the Moftec Quota and License Affairs Bureau, and other local foreign trade enterprises and economic entities (including foreign-funded enterprises and production enterprises granted the right to conduct foreign trade) will apply to the local special offices for the required licenses. No other official bodies are allowed to issue the licenses in question.

The export licenses for commodities exported to countries that set a ceiling, such as cotton bleached fabric, cotton/polyester bleached fabric, carpets, ramie yarn, ramie grey fabric and some interlock fabric, will be issued by the specially designated offices against the presentation of the export license for the passive quota textiles. Customs clearance will be based on these "two licenses."

The licenses for exportation of live sheep and goats to the Middle East will be issued by the Quota and License

Affairs Bureau or the special offices in Tianjin against the Certificate of Origin provided by the Inner Mongolian Economic and Trade Department; while the special offices in Guangzhou or Shenzhen will issue the licenses for live sheep and goats to be exported to Hong Kong or Macao.

After the adjustment, the export license control will cover 114 commodities, which can be classified into 143 items according to actual operations. The control is exercised on exportation of the specified commodities to any country or region in the world. Of all the items, 21 licenses will be issued by the Quota and License Affairs Bureau, 59 by the special offices, and 63 by the provincial-level license-issuing organs.

Shanghai Expects 1995 Export Increase

OW1002134895 Beijing XINHUA in English 1336
GMT 10 Feb 95

[FBIS Transcribed Text] Shanghai, February 10 (XINHUA)—This, China's leading industrial and commercial city will export a total of 10.6 billion US dollars-worth of products this year, an increase of 17 percent over the 1994 figure, according to the Shanghai Municipal Government today.

The metropolis has obtained a double-digit growth rate in its exports for three successive years. Its exports came to 9.07 billion US dollars-worth last year, 22.96 percent more than in 1993 and up eight percentage points higher than the city's gross domestic product growth in the same period.

Enterprises that are qualified to export will be given full autonomy to handle foreign trade so as to obtain more opportunities to compete in the international market, said Wang Zukang, director of the Municipal Foreign Trade and Economic Co-operation Commission.

Enterprises in the city will be encouraged to engage in manufacturing and assembling according to customers' designs, and make full use of the city's strong manufacturing capacity, updated technology, and well-trained professionals.

Foreign-funded ventures will also be encouraged to develop export-oriented products and increase their exports.

The municipality has worked out a scheme to promote more than 40 varieties of export products, which are expected to bring in a total of 2.8 billion US dollars annually.

Special attention will be paid to technology-intensive machinery and electric products, especially complete sets of equipment.

Meanwhile, technology-intensive and name-brand export products will be encouraged so as to increase export value.

Having set up more than 400 firms and companies in over 70 countries and regions, the metropolis will explore new markets in Southeast Asia, the Middle East, the Commonwealth of Independent States, Latin America and Africa this year, while strengthening its traditional links with Japan, Hong Kong, Macao, the United States and the European Community. In addition, the city will make special efforts to explore the Vietnam market.

Shanghai Targets \$10.6 Billion for '95 Export Volume

OW1202131395 Beijing XINHUA Domestic Service in Chinese 0656 GMT 11 Feb 95

[By reporter Xia Ruge (1115 0320 7041)]

[FBIS Translated Text] Shanghai, 11 Feb (XINHUA)—Shanghai sets \$10.6 billion as the target for its total export volume in the year. The figure will represent a growth rate of 17 percent over the previous year and promote Shanghai's foreign trade to a new level. Wang Zukang, chairman of the Shanghai Municipal Foreign Economic Relations and Trade Commission, announced this target for Shanghai's 1995 exports yesterday.

Wang Zukang said: Shanghai's foreign trade and exports entered a period of rapid growth over the past three years. They maintained a double-digit growth rate three years in a row. Last year, Shanghai's export volume reached \$9.077 billion, posting a real growth rate of 22.96 percent over the previous year and higher than the growth rate of Shanghai's gross domestic product by 8 percentage points.

Foreign trade was pushed onto the strategic high plane as the main driving force for Shanghai's economic development since the beginning of the nineties. It set a demand on foreign trade to achieve relatively great development. To attain this year's export target, relevant Shanghai departments will make concerted efforts, fully cooperate with each other, and take effective measures to promote high-quality and rapid development of foreign trade and exports.

This year, Shanghai will let more enterprises sell their products in the international market. All enterprises whose conditions permit it will be given decision-making powers for foreign trade operations. Meanwhile, Shanghai will fully use the advantages it enjoys in having strong processing capabilities and a large number of overseas sales outlets, vigorously expand the processing of materials supplied by foreign businessmen and the assembling of parts supplied by clients, and make efforts to increase the proportion of exports by foreign-invested enterprises in Shanghai's total export volume.

Shanghai will speed up the implementation of a "leading commodities project," optimize the mix of export commodities, and raise the level of an appropriate scale of operation. This year, the "leading commodities project" aims at attaining an annual export volume of \$2.8 billion

by turning out 40-plus "leading commodities," each of them capable of generating foreign exchange worth more than \$50 million every year. Shanghai will focus attention on supporting the export of machinery and electronic products that adopt more technologies in production and, in particular, on promoting the export of whole sets of equipment. Through merger, centralization, cooperation, and other forms, Shanghai will enable a scale of exports that will generate foreign exchange worth several hundred million U.S. dollars or even more than \$1 billion to gradually evolve in the labor-intensive sectors of clothing, shoes, and home appliances, which usually turn out new products quickly. Shanghai will accelerate the development of expensive and famous brand commodities that adopt more technologies in production and yield a high added-value in a bid to make the growth in the magnitude of value of exports far exceed that in the physical quantity of exports.

Shanghai will develop multinational operations and vigorously explore multiple international markets. While consolidating and developing the four major traditional markets in Japan, Hong Kong and Macao, the United States, and the EC, Shanghai will make vigorous efforts to explore new markets in Southeast Asia, the Middle East, the CIS, Latin America, and Africa. Shanghai will help more enterprises sell their products and offer their services to overseas markets through the six established overseas groups in America, Japan, Oceania, Europe, the CIS, and Hong Kong so as to expand multinational operations.

Shanghai Attracts More Foreign Investment

OW1202120595 Beijing XINHUA Domestic Service in Chinese 0655 GMT 11 Feb 95

[By reporter Xia Ruge (1115 0320 7041)]

[FBIS Translated Text] Shanghai, 11 Feb (XINHUA)—Shanghai's objective in using foreign capital in the next several years is to stress three major points on the basis of appropriate growth.

According to the relevant Shanghai departments, foreign capital used by Shanghai over the last two years has increased sharply, and the city will continue an appropriate increase over the next several years. Three major points will be stressed on the basis of appropriate growth: One is to attract more large projects of advanced technology, large investment, and overall significance. Next is to actively open up various channels for indirect use of foreign capital through government loans, international banking organization loans, and international leases. The third is to provide financial support to major municipal engineering projects, as well as to urban transportation, energy, personnel training, and environmental protection projects.

In the use of foreign capital, Shanghai stresses the above major points according to the objective needs in readjusting its industrial structure and in turning itself into an economic, trade, and banking center.

In the use of foreign capital in recent years, Shanghai has gradually paid great attention to these major points and attracted a large number of large projects of overall significance. In 1994, it approved 242 large foreign investment projects, each with an investment of more than \$10 million; and signed contracts involving \$6.613 billion in foreign investment. Those contracts have forcefully promoted the readjustment of Shanghai's industrial structure and the development of its pillar industries. In the same year, Shanghai also used special foreign preferential discount-interest and foreign loans for government projects, totalling \$210 million, as well as some multilateral and bilateral international aid totalling \$26 million. Those loans and aid supported the construction of a number of municipal engineering, scientific, educational, and cultural projects in Shanghai.

Beijing 'Striving' To Build New Development Zones

OW1102094995 Beijing XINHUA in English 0939
GMT 11 Feb 95

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—Beijing is striving to build a number of new development zones, science parks and industrial parks to boost the local economy.

The city will speed up the construction of two state-level development zones, one featuring new-technology industry and the other specializing in economic and technological development, in addition to large numbers of district or county industrial zones said Deputy Mayor Lu Yucheng in a recent interview with XINHUA.

To promote the construction of these development zones, the municipal government is to take a host of new measures, Lu said.

In the next two to three years, the city will approve the establishment of 300 to 500 backbone Sino-foreign new and high-tech firms in Changping and Fengtai districts and allow 150 to 200 transnational companies to set up affiliations in the Beijing Economic and Technological Development Zone. District or county industrial zones plan to set up medium-sized and small foreign-funded projects.

Some 500 export-oriented businesses, each exporting at least one million U.S. dollars-worth of goods a year, will be built within three years, Lu said.

To provide a better investment environment, the municipal government plans to spend two billion yuan on infrastructure construction this year.

A modern and scientific management mechanism will be introduced into all enterprises built in the development zones, science parks and industrial parks.

These development zones are required to provide overseas investors with improved services before, during and after their investment, and run training courses for managers and technicians.

A committee overseeing foreign investment will arrange regular visits by government officials to help foreign-funded ventures go through formalities and solve problems arising from construction at the construction sites of these zones.

With the gradual improvement of the investment climate and continued preferential policies, many transnational corporations have flocked to these zones, Lu stressed. The municipal government approved the establishment of 386 enterprises in the forms of joint venture, exclusive foreign investment or co-operation last year, he said. Their contract volume of investment 500 million U.S. dollars, Lu added.

By the end of 1994, a total of 1,350 overseas-funded businesses had been set up or had been approved to start in these zones and overseas investors had actually put some one billion U.S. dollars into these projects, accounting for 50 percent of the contract total, statistics showed.

More than 30 transnational companies, including General Electric Inc., the General Motors Corporation and the Whirlpool Company of the U.S., Matsushita Electric Industries Company Inc., and the Hitachi and Mitsui companies of Japan, the Henkel Company of Germany and ABB of Switzerland have started building factories in these zones. Some of them have gone into production and their 1994 output value came to nine billion yuan, 2.1 times their 1993 figure.

Beijing's more than 1,000 overseas-funded businesses earned 14.26 billion yuan from their technology and trade sales and industry and trade surged by 43 percent to 14.2 billion yuan last year, up 43 percent over 1993. The industrial output value of the development zones rose to seven billion yuan last year and is expected to reach 18 billion yuan this year, city business officials said.

Cash Trade Flourishes in Inner Mongolia

OW1102074795 Beijing XINHUA in English 0732
GMT 11 Feb 95

[FBIS Transcribed Text] Hohhot, February 11 (XINHUA)—Thanks to efforts to expand foreign trade, trade in cash in north China's Inner Mongolia in 1994 jumped to 408.4 million U.S. dollars-worth, a 46.9 percent rise from the previous year and covering 38 percent of the region's total exports.

Statistics show that, of the total cash trade, more than 160 million U.S. dollars were earned by the local import and export companies under the league (prefecture) level, about 190 million came from the special companies directly under the regional government and over 50 million from foreign-financed joint ventures.

In addition, the region signed 226 foreign-funded projects last year, involving 187 million U.S. dollars in

foreign investment, and approved 215 new joint ventures with contracted foreign funds totalling 130 million U.S. dollars.

The region also signed contracts for 120 overseas labor projects worth 62.23 million U.S. dollars.

So far, the number of foreign-funded projects in the region has been extended to 1,301, with agreed foreign funds totalling 1.68 billion U.S. dollars.

So far, the number of overseas labor service projects has reached 666, with more than 30,000 workers sent abroad.

More Overseas-Funded Ventures Operational in Wuhan

OW1202064995 Beijing XINHUA in English 0622 GMT 12 Feb 95

[FBIS Transcribed Text] Wuhan, February 12 (XINHUA)—The number of Sino-foreign joint ventures in Wuhan, capital of central China's Hubei province, has reached 2,922, as compared with 213 in 1992, latest statistics show.

In 1994, the contractual overseas investment amounted to 2.45 billion U.S. dollars, of which 861 million U.S. dollars were put into use.

Overseas investment accounted for over 40 percent of the city's total investment in fixed-assets in 1994, and sales from overseas-funded ventures reached 2.3 billion yuan (270 million U.S. dollars), a growth of 109 percent.

The investment structure was further improved. Projects exceeding five million U.S. dollars in investment each accounted for 50 percent of the total last year, with investment in vehicle parts, bio-engineering and communications registering a sharp increase.

Of the world's leading 1,000 transnational corporations, 130 have set foot in Wuhan.

The joint ventures have also contributed to the city's expansion of exports. Wuhan's foreign trade volume reached 1.03 billion U.S. dollars last year.

Wuhan also contracted more engineering and labor service projects overseas.

Agriculture

Li Peng Conducts Fujian Inspection Tour 2-10 Feb

Comments on Food, Vegetable Supply

OW1002142795 Beijing XINHUA in English 1406 GMT 10 Feb 95

[FBIS Transcribed Text] Fuzhou, February 10 (XINHUA)—Government leaders at all levels should have

clear objectives and concrete measures for "rice bag" and "vegetable basket" projects, said Chinese Premier Li Peng.

He made the remark during an inspection tour of east China's Fujian Province, February 2 to 10. During the tour, he urged local government leaders to shoulder their responsibilities and ensure full success of "rice bag" and "vegetable basket" projects.

The premier, accompanied by local officials, visited Xiamen, Zhangzhou, Quanzhou, Putian and Fuzhou cities, and investigated such issues as the enlivening of state-owned enterprises, the solidifying of the ground-work of agriculture, the stabilizing of commodity prices and the promotion of economic co-operation and trade across the Taiwan Straits.

While fully affirming the great achievements Fujian has achieved in economy and social development since 1979, the premier also called on local officials to make a full use of Fujian's advantages in being the ancestral home of a large number of overseas Chinese compatriots and bordering Taiwan, and speed up the economic development of southeastern areas and open them wider to the outside world.

He said he hoped that Fujian could strengthen construction of basic facilities and decide on priorities for development, as well as work out development plans which conform with the industrial policies of the central Chinese government and with local conditions, so as to achieve great success in the reform, opening-up drive and economic construction.

The premier noted that the latest motherland reunification speech made by Jiang Zemin, General Secretary of the Central Committee of the Communist Party of China (CPC), has evoked wide repercussions on both sides of the Taiwan Straits, and urged local officials to seize this favorable opportunity to further expand trade and enhance contacts and exchanges in a bid to attract more investment from Taiwan.

The premier also called for success in the management over Taiwan-funded enterprises, and protection of the legitimate rights of Taiwan investors and their employees.

As for commodity prices, the premier said that though much was done to control price hikes last year, the growth rate of prices was still very high.

Controlling inflation is the main task for this year's macro-control work and local governments should attach importance to it and work hard to make a success of the work, said the premier. He stressed that, for the time being, it is necessary to pay great attention to doing a good job of the "rice bag" and "vegetable basket" projects, which have a great impact on the people's daily life.

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Governors are responsible for the "rice bag" projects, and this requires a guarantee of the sown area of grain, and the establishment and improvement of the grain reserve system, said the premier.

In the meantime, efforts must be made to strengthen management of the circulation sector and stabilize market prices. State-owned commerce, especially state-owned shops engaged in the trading of cereals and oils, should play a leading role in this regard.

Fujian has a comparatively large population but little land. It has many mountains and a long coastline. While paying attention to grain production, the province should explore natural advantages and boost forestry, grow more cash crops and breed aquatic products to supplement the grain supply, Li said.

The premier also showed concern over "vegetable basket" projects for urban residents. He told local officials that mayors should be responsible for "vegetable basket" projects, and to ensure success in the work, it is necessary to build a stable number of bases for producing farm and side-line products.

Greater efforts should be made to boost the sectors of aquatic products and animal husbandry, and increase supplies of meat, eggs, poultry and aquatic products, so as to eventually improve the Diet of urban residents, Li said. He also called for the establishment and improvement of a risk fund system for farm and sideline products.

Li urged local officials to vigorously develop rural industry and strengthen construction of small towns, which will be conducive to absorbing rural surplus labor in different localities. Efforts should be made to ensure an orderly flow of rural surplus labor to areas where the workforce is insufficient.

He said he believed that the success of state-owned enterprises requires that they improve enterprise management mechanisms, arrange production in accordance with market demand, establish more enterprise groups to complement each other, improve productivity and enhance competitiveness.

Talking about housing construction, the premier said that in the future, the orientation of China's real estate will be on the construction of middle- and low-grade flats. He added that the method of the state, collectives and individuals sharing investment would be an effective way to accelerate housing construction in urban areas and enlarge the living space for urban residents.

'Special Article' Views Visit

HK1302062095 Beijing XINHUA Domestic Service in Chinese 2138 GMT 11 Feb 95

["Special article" by RENMIN RIBAO reporter Pan Didu (3382 1593 6757) and XINHUA reporters Xu

Yiming (6079 0001 7686) and He Pin (0149 1627): "Premier Li Peng Visits a Country Fair in Fuzhou, Asks About Prices"]

[FBIS Translated Text] Fuzhou, 11 Feb (XINHUA)— "Premier Li Peng is coming to inspect this market!"

On the morning of 8 February, in Fuzhou City's Taijiang market, customers buying farm produce unexpectedly found that State Council Premier Li Peng appeared among them.

"Hello, Premier Li!" Warm greetings and applause broke out at the market.

"Happy Spring Festival, everybody!" The premier made a new year obeisance to people around him by cupping one hand in the other.

The Spring Festival had just passed, and the Yuanxiao Festival was coming soon. Fuzhou City was permeated with a strong festive atmosphere. Taijiang market, the biggest farm produce distribution center in Fujian Province, was bustling and noisy. Over 1,000 shops and stalls stood in good order inside the market with a total area of more than 40,000 square meters, and they supplied over 1,000 kinds of farm produce, including meat, poultry, eggs, vegetables, and fish. The goods were indeed a feast for the eyes, and the market was brisk and reflected the prosperous economy.

The premier moved in the crowd and inquired about the conditions of the market from aquatic shops to meat shops and from poultry and egg stalls to vegetable stalls. He not only inspected the state-owned shops but also the stalls run by individuals.

When the premier came to the store of the city's vegetable company, Wu Meizhen, deputy manager of the company who was selling vegetables to customers, greeted the premier and shook hands with him. The premier then talked with Wu Meizhen.

"How does your company regulate and control the vegetable prices?"

"We focus on four primary measures. First, building some vegetable production bases; second, building wholesale outlets to promote the circulation of the goods; third, preserving goods in cold storage and processing farm produce; fourth, more effectively managing the differences between wholesale and retail prices."

Seeing that the price of cabbage on the shelves was 0.6 yuan a jin and was lower than the price of the individual-run vegetable stalls, the premier asked Wu Meizhen: "Where is this cabbage from?"

Wu Meizhen said: "Those goods were transported from other provinces before the Spring Festival. The city government uses the food price adjustment fund to buy goods in order to lower the vegetable prices during the festival period."

The premier nodded and said: "The state-owned companies should played a role as the main channel of goods circulation in order to guarantee the stability of market prices."

When coming to a stall containing aquatic products, Premier Li Peng picked up the steelyard belonging to the stall owner, Li Yirijun, and asked her: "Is your steelyard reliable? People are now encouraged to use scales."

After seeing the market, the premier asked Xi Jinping, secretary of the Fuzhou City CPC Committee: "What is the city's population? How many vegetable bases does the city have?"

Xi Jinping told the premier: "Including the mobile population, the city's population is about 1.5 million people. The vegetable bases that the government can directly control total 57,000 mu, and they can supply about 3.6 million dan of vegetables a year."

"Can this supply satisfy demand?" the premier asked.

Xi Jinping answered: "Except pork, we can basically realize self-sufficiency in farm produce such as vegetables, meat, eggs, poultry; sometimes we exceed self-sufficiency. In particular, the per capita consumption of aquatic products in this city ranks first in the whole country." He also told the premier: In order to enrich the residents' "food baskets," the city is building the province's largest vegetable and nonstaple food production base on Langqi Island in the mouth of the Min Jiang. This will greatly increase the effective supply of vegetables and other nonstaple foods in the city.

The premier said: "To improve the 'food basket,' there must be stable sources of food supply." Then he asked how far Langqi Island is from the urban area, how to arrange the transportation of the goods, how many farm produce wholesale and retail markets are in the city, about the gap between wholesale and retail prices, and about the self-sufficiency rate of pork, among other questions. Provincial Party Committee Secretary Jia Qinglin, Governor Chen Mingyi, and Xi Jinping answered all these questions one by one.

When the premier asked whether Fuzhou City can control this year's rate of retail price increase below 15 percent, Xi Jinping told the premier: "Although there are great difficulties, we will resolutely carry out the relevant stipulations laid down by the central authorities, give priority to the overall interests, temporarily suspended a number of major price adjustment items, and do our best to keep prices under control."

The news about the premier showing concern about the masses' food baskets was quickly circulated among the people of Fuzhou City, and people told each other: "The premier cares about what we common people care about."

RENMIN RIBAO Urges Protection for Agriculture

Grasp 'Tightly' Beginning to End

HK1302073095 Beijing RENMIN RIBAO in Chinese
26 Dec 94 p 5

[By Yi Lianhong (2496 3550 4767): "The Issue of Protecting Agriculture Under Market Economy"]

[FBIS Transcribed Text] In accordance with the socialist modernization development strategy formulated by Comrade Deng Xiaoping, agriculture is a strategic focus of the first importance. He stressed that "agriculture should be grasped very tightly from beginning to end. It is easy for the rural areas to be rich, but it is also easy to be poor." Why? Because agriculture is a high-risk, basic, fragile industry which has great social and ecological benefits but comparatively low economic benefits. Under the market economy, agriculture not only has the problem of participating in competition but also the problem of needing protection.

In China, under the conditions of a relatively low level of agricultural productive forces and relatively weak ability to resist natural calamities and participate in market competition, and during the crucial period of changing China's traditional agriculture to modern agriculture, agriculture and the rural economy cannot be developed without the government's necessary and effective protection. Comrade Xiaoping warned us that if there should be problems in the economy in the 1990's, they would likely be in agriculture. Once there are problems in agriculture, they cannot be reversed in 3 to 5 years and the whole economy and social development will be seriously affected. Over the past years, a host of facts have also warned us that if we do not attach high importance to agriculture and give it effective protection, then not only will it be impossible for our country to attain the strategic objective of modernization but it will also lead to the shrinkage of agriculture. The country will finally fall into the "Ricardo Trap" (i.e. the shrinkage of agriculture leading to the stagnation of industrialization).

From the current national conditions and the objective requirements of developing the rural socialist market economy, we should enforce agricultural protection in the following aspects.

To give protection by means of policy. That is to say, protect agriculture's position and promote agricultural development by means of scientific, rational, stable, and appropriate preferential policies.

To give protection by means of investment. That is to say, increase the input of agricultural factors (this refers mainly to capital) in order to rectify the slanting of agricultural resources toward nonagricultural sectors. Stabilizing and increasing investment in agriculture is the key to consolidating the status of agriculture as the foundation of the national economy and a flourishing

rural economy. In order to increase government agricultural investment, it is necessary to do the following. First, raise the investment in capital construction and the proportion of budgetary capital to be used in agriculture. According to an estimation, to maintain a 4-percent growth in agriculture, investment in agricultural capital construction should be at least 10 percent or more of the national investment in capital construction. Second, increase the agricultural loans. The financial department should place support for agricultural development in the first place in credit work to ensure the agricultural loan is a bit higher than the national bank loan increase range, adopt the method of giving financial interest deduction to provide special agricultural medium- and long-term low- interest or interest-free loans, make funds available for the purchase of agricultural and sideline products, and increase appropriately the current capital of rural enterprises and the loan for technical innovation. Third, absorb social and overseas investments.

To enforce market protection. That is to say, we should ensure the effective supply of farm produce and the simultaneous increase of peasant income by regulating and controlling the farm produce market. 1. Perfect market regulations, safeguard market order, and standardize the conduct of transactions to prevent the occurrence of improper transactions. 2. Strengthen market analyses and forecasts and promptly provide peasants with information to guide them to reduce the peasant's expected errors. 3. Foster and develop a farm produce futures market to help agricultural producers and dealers avoid the risks of price fluctuations and provide them with relatively accurate and stable prices and supply-and-demand signals. 4. Formulate protective prices for principal agricultural products and, at the same time, establish a risk fund, a special reserve system, and a buying-and-selling regulatory mechanism for staple farm produce to maintain the market prices of principal farm produce and the relative stability of supply. 5. Strictly control increases in the means of agricultural production. What must be pointed out is that the regulation and control of farm produce markets by the government is to slow down the fluctuating range of supply and demand and of prices in the markets to stabilize agricultural production. This is definitely not to deny the fundamental functions of the market on the allocation of agricultural resources. Hence, it is not to distort the market supply-demand relation and market information. To guarantee highly efficient allocation of agricultural resources is the prerequisite for the government to regulate and control the market for farm produce.

To enforce service protection to promote agricultural development. First, constructive services. That is to say, improve the agricultural production condition and raise the agricultural comprehensive production capacity by carrying out agricultural infrastructure construction. Second, information services. That is to say, provide the peasants with correct and timely policy information,

market information, and science and technology information and help them solve the problems of "what does the market want and what kind of farm produce can make money?" Third, material supply services. That is to say, provide the peasants with the capital needed for production and various kinds of materials for agricultural use. Fourth, technical services. That is to say, provide the peasants with advanced and appropriate new technology and give them specific guidance, demonstrations and training on technical operations to promote the progress of agricultural science and technology and raise the application of science and technology in agricultural production. Fifth, sales services. That is to say, help the peasants sell agricultural and sideline products in order to solve the longstanding problem of "difficulty in selling" and "suffering a loss after selling" and to give the peasants a satisfactory profit from the sales of their products. Sixth, organizational services. That is to say, organize the peasants to enter into the market and participate in transactions; organize the peasants to open up new spaces in production and operations and develop agriculture intensively and extensively; organize a rational transfer of rural surplus labor; and help organize operational organizations which integrate trade, industry, and agriculture and various specialized cooperative economic organizations in the rural areas to raise the peasant's organizational degree and strengthen their ability to resist market risk and competition.

To enforce burden-reduction services. That is to say, to protect the peasants' interests by lightening their burden. It is necessary to resolutely cancel various items of collection and criteria-reaching and upgrading activities which the central authorities banned by formal decrees, to firmly liquidate and curb indiscriminate fundraising, financial levies, and fines, and to firmly keep the peasants' burden within 5 percent of their per capita income last year as laid down by the State Council.

To enforce guaranteed protection. That is to say, provide the necessary protection for agricultural production and peasants' livelihood by perfecting the rural social insurance system. To this end, it is necessary to do the following: First, actively develop the rural insurance undertakings. With the support of the governments at different levels, a multi-level and mutually-linked special rural insurance fund should be established to form a system of compensation for rural calamities. Second, enforce a multi-level system for aiding special groups of people (people enjoying the five guarantees, family members of servicemen and martyrs, those living in poverty, and the disabled), providing relief funds, medical treatment and sanitation, culture and education, and retirement protection. Third, help the poor regions to develop their economies. The natural conditions in those old liberated, ethnic minority, border, and poor regions are strapped, with weak infrastructures and backward economies. It is necessary to take special measures to help and support them. The State Council has stipulated a "program for helping some 80 million impoverished

people to eradicate poverty within the next seven years," the aim of which is to support the social and economic development of the poor regions. All regions and departments should seriously implement the program in order to secure the deserved results.

Commentator Article Views Cultivation

HK1302054695 Beijing RENMIN RIBAO in Chinese 8 Feb 95 p 1

[Commentator's article: "Protect Cultivated Land—Third Discussion on Fully Enhancing Comprehensive Agricultural Production Capacity"]

[FBIS Translated Text] To fully enhance the comprehensive production capacity of agriculture, we must earnestly carry out work to protect cultivated land in addition to making up our minds to increase inputs to agriculture. Agriculture is the foundation of the national economy and cultivated land is the foundation of that foundation. The five major cereals come from farmland. Where do cereals come from if there is no farmland? In view of the grim situation of the rapid loss of cultivated land in China, it is quite necessary to prominently emphasize proper protection of cultivated land, the most essential thing on which our existence and development depends.

China is relatively poor in land resources. Although China ranks at the forefront of the world in terms of total land resources, both land area per capita and cultivated land area per capita are far less than the world average. Of the existing land resources in China, much land is in mountainous areas and plateaus and flat land is limited. Moreover, insufficient resources are reserved for cultivated land and there is not much land which can be easily reclaimed. A large population and insufficient cultivated land are the basic national conditions of China. "Treasuring and rationally utilizing each inch of land and earnestly protecting cultivated land" is a major basic national policy of China. In recent years, although land management work has been strengthened to a certain extent, the phenomenon of randomly using cultivated land for other purposes continues to exist even today. In the "development zone craze" and "real estate craze," the phenomena of occupying much land but making use of only a small portion of it, making no use of it, or leaving it uncultivated in some localities has caused a serious waste of cultivated land resources. In the course of readjusting the production structure, some localities blindly possessed and used cultivated land for other purposes, thus reducing the basic cultivated land area. In such localities, the phenomena of using cultivated land for nonagricultural uses, such as randomly building kilns, houses, and tombs on cultivated land; taking soil from cultivated land; or taking up cultivated land in the course of mining have not been effectively curbed. According to statistics from the departments concerned, from 1990 to 1993, the net loss of cultivated land throughout the country was 15 million mu, of which

a considerable portion was randomly occupied and used for other purposes. At the same time, the annual net increase in China's population was over 15 million. This has further reduced the area of cultivated land per capita, which is less than one-third of the world figure. The per capita cultivated land of a considerable number of provinces and municipalities in China is less than one mu. Foreign scholars once studied the geography of China and wrote in their books: For 5,000 years, China's farmland has basically not been damaged. This is a miracle in world history. However, it is worth studying how long this miracle can last. According to the present rate of reduction, per capita cultivated land in China will be reduced to 0.6 mu in 50 years. How much cultivated land will be left to our future generations in 100 years! This is not an exaggeration to scare people, but harsh reality. All who have a sense of responsibility for our future generations should not ignore this reality.

There is grain only if there is farmland. Without farmland, there will not be any grain. Data provided by the departments concerned show that at present the amount of cultivated land reduced each year in China is more or less equivalent to an annual reduction in the productive forces of several billion kg of grain, that is, a reduction in the productive forces for growing grain ration for several million people. Based on the calculation that direct grain ration consumption for each additional person is 220 kg, the need to increase the grain ration consumption each year in China is 3.3 billion kg. To improve the living standards of the people and to increase consumption of nonstaple food such as meat, eggs, and milk, grain is needed for conversion. If each person eats 1 kg of meat more each year, an additional 2.5 billion kg of grain is needed as feed for domestic animals throughout the country each year. The series of figures showing a decrease in supply and an increase in demand are astonishing! The tendency to move backwards has begun to tighten the basic balance between grain supply and demand which has been accomplished over a dozen years and more of effort.

Generally speaking, during a period in which the national economy is growing rapidly, using cultivated land for other purposes can hardly be avoided because of the expansion in the scale of construction, readjustment of the production structure, and the accelerated process of urbanization. However, using cultivated land for other purposes on a large scale leading to the destruction of fertile land on which human regeneration depends is something no country can tolerate. Much less can this be tolerated in our country, which has a large population and a limited amount of land.

"The people are the foundation of the country and food is the most important thing for the people." At present, without making any extraordinarily important progress in the level of agricultural science and in grain yield per unit area, we must first stabilize the area of cultivated land before we can stabilize agriculture and grain output. Only in this way will it be possible for us to properly

solve the problem of food for a population of over 1 billion people in China and to ensure the sustained, rapid, and healthy development of the national economy and the stability of society.

The party and the state have always attached great importance to the protection of cultivated land resources and have formulated and promulgated a series of policies, laws, and regulations with respect to this one after another. At present, the crucial thing is to ensure that laws are strictly observed and enforced and violations of laws are investigated and dealt with. We must extensively, thoroughly, and continuously carry out education on taking care of and protecting cultivated land and must increase the sense of worry about cultivated land among all people. Governments and departments concerned at all levels should at no time relax the management of cultivated land, but should strictly enforce relevant policies, laws, and regulations to stop all acts of using cultivated land for other purposes. They should speed up work in designating basic farmland protection zones and effectively control the use of land for nonagricultural purposes. They should try their best to have forests and fruit trees moved into mountainous and estuary areas. They should also try their best to use mudflats and unused water surface areas for aquatic and breeding production. They should bear in mind the development and utilization of all land resources. They should make greater efforts to use barren land for farming. They should make up land used for construction with the development and restoration of cultivated land and should increase the area of farmland. This year in particular, they should ensure the fulfillment of the grain growing plan.

Let us seek unity of thinking and make concerted efforts to leave fertile land which is full of vitality for our future generations.

Area of Cultivated Land Continues To Decline

HK1002031595 Beijing ZHONGGUO XINWEN SHE
in English 0853 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (CNS)—Farmland in 30 provinces, municipalities and autonomous regions across China reduced drastically last year by 10.717 million mu (one mu = 0.0667 hectares), or a net decline of 5.96 million mu (taking into account the area of newly reclaimed land), almost equal to that of 1992, a year with the most drastic cut in cultivated land, statistics of the State Land Administration indicated.

Statistics also revealed that the cut in cultivated land last year increased by 14 percent over 1993.

The State Land Administration noted that land administration departments, in cooperation with other relevant departments, had a basic control over the use of land for construction purpose in the country by tightening control over land supply. However, there was an obvious increase in land use for non-farming purposes

including land for construction projects launched by collective units, farmers' individual house construction and the setting up of different kinds of economic development zones. Meanwhile, it is worthwhile to notice that the most important factor leading to a decrease in cultivated land is due to the adjustment of agricultural structure. Especially in remote border provinces and the western part of the country, there is a trend to turn farmland into land for forestry and animal husbandry. The Land Registration Department under the State Land Administration also points out that natural disasters are a main factor destroying cultivated land over the years. Cultivated land has become less capable in countering natural disasters due to less attention to capital construction on farmland in recent years, causing more cultivated land to be destroyed by natural disaster.

Farmland Falls by 10.7 Million Mu in '94

HK1302052395 Beijing XINHUA Domestic Service in Chinese 0853 GMT 9 Feb 95

[By ZHONGGUO TUDI BAO (CHINA LAND JOURNAL) reporter Zhang Jianfeng (1728 1696 1496) and XINHUA reporter Zhao Lianqing (6392 6647 1987)]

[FBIS Translated Text] Beijing 9 Feb (XINHUA)—The worrying shrinkage of China's farmland each passing year was aggravated anew in 1994. These reporters learned from the State Land Administration not long ago that in 1994 the total area of farmland in China was reduced by 10.717 million mu, up by 1.339 million mu from the 9.378 mu of the previous year, a 14 percent increase. The area of newly reclaimed farmland in 1994 was 4.748 million mu, thus, the net area of farmland reduced in 1994 was 5.969 million mu. The trend of an acute shrink in the area of farmland across China has not been radically changed.

Statistics from the State Land Administration show that the construction situation in three aspects (national construction, collective construction, and individual house building) occupying farmland was basically kept under control in 1994, with an area of 2.068 million mu of farmland occupied all told, accounting for 20 percent of the volume of farmland reduced last year, of which, national construction occupied 1.38 million, somewhat more than the 1.35 million mu in 1993; collective construction occupied 499,000 mu, on par with 1993; and individual house building in rural areas occupied 180,000 mu, somewhat more than in 1993.

The main cause of the shrinkage in farmland last year was agricultural structural readjustment. The area of farmland occupied for agricultural structural readjustment was 6.798 million mu, accounting for 63.4 percent of the total shrinkage in farmland, up 7 percent from 1993. Another cause of the shrinkage was destruction by natural disasters. Last year, 1.85 million mu was destroyed by natural disasters, accounting for 17.2 percent of the total area of farmland reduced and up by 840,000 mu from 1993, a rise of 83 percent.

Statistics show that last year, the area of farmland reduced in Nei Mongol, Shaanxi, and Hebei accounted for 40 percent of the total reduction across China, and the area reduced in Jiangsu, Guangdong, Sichuan, Shandong, and Yunnan accounted for 22 percent of the country's total loss.

Analyzing the causes of the shrinkage in farmland, a responsible person from the State Land Administration said that in cooperation with related departments, land administrative departments kept land for national construction basically under control through augmenting regulation and control of the land supply. What is noteworthy is that the increase in land occupied for agricultural structural readjustment ranked top in the shrinkage of farmland. A tendency to blindly develop forestry and herding at the expense of farming has surfaced in some remote provinces and western parts of China, where economic development is relatively slow. Last year, there was a rise in the phenomenon of natural disasters destroying farmland, mainly because some regions failed to pay sufficient attention to capital construction of farmland in recent years; consequently, there was a marked decline in the capability of farmland to resist natural disasters.

Beijing Considers Revising Household Farming System

HK1302035895 *Beijing CHINA DAILY (BUSINESS WEEKLY)* in English 12-18 Feb 1995 p 1

[By Wu Yunhe: "Contract Farming Proposed"]

[FBIS Transcribed Text] China is considering a sobering measure to put its arable land under contract to a few farmers instead of the on-going rural household contract responsibility system.

The Ministry of Agriculture has submitted a proposal to the State Council for approval to push over the majority of field ridges between fields. These have taken shape for a decade in the countryside due to the responsibility system among China's 900 million rural residents.

The ministry believes agriculture will be more effective if not as many farmers contract farming in large areas to ease current difficulties in sowing, fertilizing and management.

But ministry officials noted, it should not be a compulsive measure to force farmers to give up their contracted fields because such a move will worsen the current influx of surplus farm labourers into big cities.

The ministry's proposal includes four measures to ensure a gradual implementation of "contract farming in a moderate-sized land."

The central government is expected to formulate certain policies in its macro-control over grain, grain markets and fair trade relations between dealers.

It also should step up construction of key wholesale markets and try to work out policies to encourage farmers in underdeveloped areas to go to comparatively-developed regions to contract fields for farming.

Relevant official departments should not waste any time in reforming the current agricultural tax structure into a financial levy on agricultural products and use of farmland.

The government also is expected to accelerate urbanizing existing towns and counties in the countryside and to extend its control over farmers' efforts to move into these towns and counties to seek jobs. Since they are settled in small towns or counties, these rural residents should abandon their contracted farmland. They also should be taken care of by local governments with an insurance system for pensions, health care and unemployment.

Ministry officials pointed out the implementation of "contract farming in moderate-sized land" is very much related to the development of several objectives.

Deepening the reform of land ownership, contracting and leasing, and increasing agricultural investment is an essential prerequisite for starting to put land parcels together.

Some examples from experimental areas under the ministry show contract farming in large-sized fields, instead of the current contract responsibility system in small land parcels, has increased per capita grain yields and improved farmers' income.

The experiment also displays a great vitality in helping enlarge agricultural investment and develop agrotechnology.

"The new reform on contract farming has a promising life-force for modern agriculture in China. It will pave the way for development of 21st century agriculture in China," ministry officials say.

With approval from the State Council, the ministry has selected some regions in Hainan, Zhejiang, Jiangsu, Shandong and Beijing suburbs as pilot areas for such implementation.

To put together the country's farmland for a few farmers to cultivate should, first of all, encourage surplus rural residents to move to the local small towns and counties to make a living.

Such moving towards small towns abounds with great promises, as there now are more than 50,000 small towns and at least 2,000 counties throughout the country, Chinese observers say.

Reform is crucial to seeking a solution for future development of Chinese agriculture, which saw a 11.9 million-ton drop in 1994's grain production of 444.6 million

tons. Grain-growing land also totalled 109 million hectares last year, a drop of 933,300 hectares from the previous year, observers said.

Hunan Strives To Increase Agricultural Production

*OW1002100095 Beijing XINHUA in English 0932
GMT 10 Feb 95*

[FBIS Transcribed Text] Changsha, February 10 (XINHUA)—Hunan, a leading agricultural base in central China, is striving to step up agricultural production this year.

Investment in agriculture will be 20 percent more than it was in the previous year, said Wang Maolin, secretary of the Hunan Provincial Committee of the Chinese Communist Party, in a recent interview with XINHUA.

The province will also raise 400 million yuan from all social sectors for constructing new water-control projects or repairing old ones this year, Wang added.

Efforts will also be made to introduce foreign investment and arrange new sources of funds for building some new agricultural projects.

Wang also stressed the need to help economically underdeveloped areas in the western part of the province to get rid of poverty, make efficient use of world bank loans on a number of projects and exploit 333,000 ha. Of hilly fields there.

As the largest rice producer in China, Hunan will improve its rice quality and develop processing services. The province will set up a research center for the study of new hybrid rice strains with 15 million yuan in investment, two thirds of which is being provided by the central government.

During the current winter-spring period, Hunan has organized 510 million man-days in waterworks construction, the largest scale project seen for the past decade.

Government officials at all levels went down to the work-sites to solve problems relating to agricultural production and to arrange sufficient supplies of fertilizer, plastic sheeting, electricity, coal and other materials.

East Region

Anhui Congress Plans Work for Next Five Years

OW1202131595 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 11 Feb 95

[From the "Provincial Hookup" program]

[FBIS Translated Text] Leading provincial CPC committee comrades recently pointed out: Implementing the guidelines set forth at the Sixth Provincial Party Congress is the province's central task for the present and for some time in the future. Organs directly under the provincial government must be fully mobilized and transmit, study, publicize, and implement well the sixth provincial party congress guidelines and set the example throughout the province. Soon after the Sixth Provincial Party Congress' conclusion, provincial decision-making units immediately organized sessions to study the guidelines and made preparations for implementing them. On 9 February, to bring about a further deepening of the study of the guidelines and to promote their implementation, leading comrades, including Lu Rongjing, provincial party secretary; Wang Taihua and Fang Zhaoxiang, deputy secretaries; Chen Guanglin, Du Cheng, and (Xie Jiafu), provincial CPC committee standing committee members; and Liu Guangcai, vice chairman of the provincial people's congress standing committee and head of the provincial CPC committee organization department, attentively listened to briefings by people in charge of various provincial CPC committee, provincial discipline inspection committee, provincial procuratorate, provincial court, and mass organization departments. They made detailed enquiries about the plans formulated by units and departments in line with local conditions to implement the targets and tasks set forth at the provincial party congress.

Provincial leading comrades pointed out that to implement well the provincial party congress guidelines, it is first of all necessary to conscientiously study and strive to gain an in-depth understanding of the guidelines' essence. The provincial party congress' major guidelines have been incorporated in the provincial CPC committee report, which the provincial party congress examined and approved. The report was guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, by the party's basic line, and by the guidelines set forth at the 14th CPC National Party Congress and at a number of CPC Central Committee meetings. In the course of organizing party members, cadres, and staff members and workers to study the provincial party congress guidelines, localities and departments must strive to comprehensively and systematically understand the guidelines; to help all further emancipate the mind and unify thinking; to rise with force and spirit; to foster among all the great ambition of "it is my responsibility to invigorate Anhui and I will never stop trying until I reach my goal"; and to cultivate among all a sense of pride of "daring to forge ahead and

to get ahead of others." The leading provincial CPC committee comrades stressed that the goals set for the next five years at the Sixth Provincial Party Congress were truly grand. The key to realizing that grand blueprint lies in our job performance. From now on, localities and departments must immediately get into action and concentrate efforts to implement those guidelines. They must work creatively in line with the general work arrangements devised by the provincial party committee and by taking local conditions into consideration; and they must make detailed study and analysis and work out annual implementation plans regarding the goals and major tasks set forth at the provincial party congress. Higher-level departments must tackle tough tasks and seek concrete results. It is necessary to genuinely enhance supervision and checks on the implementation of goals and tasks so that everything is taken care of, everyone is assigned specific tasks, and everyone feels work pressure. As provincial-level organs are entrusted with the major responsibility of providing leadership for implementing the provincial party congress guidelines, they must truly change their work style, devote more energy to work, and set the example throughout the province in implementing the guidelines. Organ cadres, especially leading cadres, having been entrusted with the responsibility of providing leadership and of implementing the guidelines, must know that they are public servants; they must unconditionally serve the people wholeheartedly; enhance consciousness for the overall situation; handle well the relationships between overall and partial interests; maintain, support, be subordinate to, and serve overall interests; further enhance party spirit; voluntarily accept supervision from all quarters; stress principle, discipline, and unity; foster the spirit of righteousness and oppose corruption; be models for diligently and honestly performing official duties; further enhance consciousness for creativity; and strive to do the best in various undertakings and to create new situations.

In conclusion, leading provincial CPC committee comrades pointed out that Anhui now enjoys social and political stability and is deepening; expanding; and developing reform, opening-up, and the economy. As the excellent situation did not come easily, we should truly treasure it. The provincial party congress mapped out plans for the next five years of work. The first year is the most important in the five years of work; the beginning of the first year is equally important. We should do a really good job from the very beginning of this year. With a good spiritual outlook, let us get off to a good start in the first year of the remaining five years of this century.

Jiangsu's Chen Addresses Forum, CPC Meeting

Addresses Comrades

OW1002132895 Nanjing XINHUA RIBAO in Chinese 28 Jan 95 p 1

[Report by Zhang Zhibiao (1728 1807 1753)]

[FBIS Translated Excerpt] Spring was evidently in the air at the auditorium at the Zhongshan Guesthouse in Nanjing yesterday morning, which was filled with a joyous and auspicious atmosphere. A Spring Festival forum for veteran comrades was convened there by the provincial CPC committee. [passage omitted]

Chen Huanyou, secretary of the provincial CPC committee, extended New Year's greetings to the veteran comrades on behalf of the provincial CPC Committee and government. He briefed them on main aspects of the province's work in 1994 and plans for work in the new year. He said: In the year 1994, Jiangsu made great strides in reform, opening up, and the modernization drive. The total annual value of goods and services for the province was 405 billion yuan, up 18.5 percent over the previous year. The rural economy grew in an all-around way and industry grew at a rather fast rate. Implementation of various reforms proceeded smoothly, the province opened wider to the outside world, markets in both cities and countryside were brisk, living standards continued to improve, and new progress was made in party building and in promoting spiritual civilization, strengthening socialist democracy and improving the legal system. Progress was made in all social undertakings. Chen Huanyou said: The Ninth Provincial CPC Congress that convened not long ago drew up a grand plan for achieving a relatively comfortable standard of living in an all-around manner and accomplishing, by and large, the goal of modernization by the year 2010. Nineteen ninety-five is the first year for the province to implement the tasks laid down at the ninth provincial CPC congress. Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, we should apply ourselves in putting into practice the guidelines of the 14th CPC National Congress, the Third Plenary Session of the 14th CPC Central Committee, and the ninth provincial CPC congress in every field of work; continue to implement the general policy of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability;" properly handle the relationship between reform, development and stability; accelerate the establishment of a socialist market economic system, and bring about a sustained, rapid, and healthy growth of the economy, promote party building, the spiritual civilization, democracy, the legal system in real earnest; and bring about all-around social progress.

Chen Huanyou said: This progress the fruit of the concerted efforts of the vast number of cadres and masses in the province who worked in unity under the leadership of the CPC Central Committee and State Council. It is also attributable to the foundation laid by our veteran comrades and their care and support for our work. He saluted the veteran comrades on behalf of the provincial CPC committee and government. He asked them to continue to show concern for reform and development in Jiangsu; offer support for the work of the provincial CPC committee and government as they have

always done; and make common efforts to make the work in Jiangsu a success. He said that we should, under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, work hard together as one to achieve new victories in the cause of Jiangsu's reform, opening up, and the modernization drive.

The forum was filled with an atmosphere of affinity and harmony.

Leading comrades of the province who were present at the forum were Chen Huanyou, Zheng Silin, Cao Keming, Gu Hao, Xu Zhonglin, Shen Daren, Sun Han, Zheng Bingqing, Ji Yunshi, Yu Xingde, Wang Xialin, Liang Baohua, Li Mingchao, Gao Dezheng, Zhang Yaohua, Ling Qihong, Wu Xijun, Jiang Yongrong, Wang Rongbing, Zhang Huaixi, Duan Xushen, and Sha Renlin. Veteran comrades on hand were Liu Lin, Chu Jiang, Zhou Zhe, He Binghao, Dai Weiran, Xie Kedong, Wang Bingshi, Li Zhizhong, Xing Bai, Qin Jie, Jin Sun, Gong Weizhen, Wang Jingqun, Wei Yongyi, Hua Chengyi, Liu Yubiao, Ouyang Huilin, Liu Xinghan, Kang Di, Zhou Zhiyu, Zhang Kexin, and Li Zhonglin. [passage omitted]

More on Address

OW1102104595 Nanjing XINHUA RIBAO in Chinese
29 Jan 95 p 1

[By reporters Ji Kejian (1518 0433 0313), Guan Ning (7070 1337), and Tao Yong (7118 0516)]

[FBIS Translated Text] Yesterday afternoon [28 January], the provincial party committee invited responsible persons of democratic parties and the All-China Federation of Industry and Commerce, and personages without any party affiliations to attend a meeting to celebrate the Spring Festival. Leading cadres of the provincial party committee shook hands and exchanged holiday's greetings with cadres who attended the forum. They happily gathered together, talking, greeting one another, and discussing reform and development plans for the coming year.

The atmosphere of the gathering was friendly and harmonious. On behalf of the provincial party committee, provincial party secretary Chen Huanyou first extended holiday's greetings to all attendees. He said: In 1994, Jiangsu made overall progress in reform and opening up, enjoyed rapid and sound economic development, made new progress in various undertakings, further improved people's living standards, and maintained social stability. These achievements are the results of joint efforts made by the masses of cadres and people. The concern and support from democratic parties, the All-China Federation of Industry and Commerce, and patriotic nonparty personages also contributed to these achievements. In the past year, all of you, out of a strong sense of responsibility, made important contributions by uniting masses and making the best of them strive to accomplish the common goal and serve the interests of

the whole. On behalf of the provincial party committee, I would like to express our sincere appreciation for your efforts.

This year is the last year of the Eighth Five-Year Plan and the first year for carrying out the tasks set by the ninth provincial party congress. Our tasks of promoting reform, opening up, and development are very difficult and burdensome. I hope all of you will give your support to the provincial party committee and government as always, contribute your ideas to reform and opening up, and make new contributions to accomplishing the tasks set by the ninth provincial party congress and to the promotion of Jiangsu's reform, opening up, and construction of two civilizations.

The atmosphere of the forum was lively. Attendees eagerly voiced their opinions and talked about the new achievements on various fronts under the leadership of the provincial party committee and government last year. They expressed gratitude for the provincial party committee's various measures to implement the CPC-led multi-party cooperation and political consultative system and for its support for democratic parties and the All-China Federation of Industry and Commerce.

Looking forward to the coming year, cadres attending the forum wished the following: Under the leadership of the provincial party committee and government and guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, people of Jiangsu will comprehensively carry out the guidelines of the ninth provincial party congress; continue to seize opportunity, deepen reform, open up wider to the outside world, promote development, and maintain stability; quicken the pace of reform and opening up; continue to promote sustained, rapid, and health economic development; and push modernization forward. They said: In the coming year, under the leadership of the Jiangsu provincial party committee, we will take overall interests into account and serve the interests of the whole. We will work hard together and play the role of a political party actively to make new contributions to accomplishing our future goals and missions. In their speeches, they offered suggestions for Jiangsu's reform, opening up, economic development, social stability, spiritual civilization, and united front work.

Provincial leaders Chen Huanyou, Zheng Silin, Cao Keming, Gu Hao, Xu Zhonglin, Shen Daren, Sun Han, Liang Baohua, Duan Xushen, and Sha Renlin attended the forum. People from democratic parties and the All-China Federation of Industry and Commerce and some famous nonparty personages who attended the forum were Ding Guangxun, Chen Minzhi [7115 2404 0037], Cheng Binwen [4453 4426 2429], Tong Fu, Dai Shuhe, Chen Suiheng, Zhang Chenhuan, Guan Zhongwei, Zhou Sangyi [0719 2718 3354], Peng Sixun, Xu Yingrui, Qu Qinyue, Zhang Huaixi, and Han Wenzao.

Addresses Propaganda Meeting

OW1202131995 Nanjing Jiangsu People's Radio
Network in Mandarin 2300 GMT 10 Feb 95

[From the "702 Morning News" program]

[FBIS Translated Text] A provincial meeting of propaganda department directors closed in Nanjing yesterday. Jiangsu CPC Committee Secretary Chen Huanyou delivered an important speech at yesterday's meeting. A provincial CPC committee propaganda department decision was read at the meeting. The decision was to confer on 88 units the title of advanced collective of the Jiangsu party's propaganda departments, and on 144 comrades the title of outstanding worker of the Jiangsu party's propaganda departments. Certificates of honor were also presented to more than 700 comrades who had dedicated themselves to the party's propaganda work for more than 30 years.

Provincial leaders attending the meeting included Gu Hao, (Xie Yongjie), Wang Xialin, (Liang Baohua), and Zhang Huaixi.

Chen Huanyou said in his speech: The propaganda and ideological front is a very important one under the party's leadership. Comrades of the provincial propaganda and ideological front have made great contributions to Jiangsu's new achievements in building material and spiritual civilizations. The provincial CPC committee is very satisfied with the propaganda and ideological front's work. Provincial party committee comrades stress the following few opinions on propaganda and ideological work: First, we should continue to ensure that the task of arming the whole party with Deng Xiaoping's theory of building socialism with Chinese characteristics is properly carried out, and should further unify the thinking of cadres and the masses on the basis of meeting the general demand of the work of the whole party and country. Second, we should endeavor to publicize the guidelines of the ninth provincial conference of party delegates to ensure that all tasks of Jiangsu's reform and construction will be accomplished. Third, focusing on raising the people's educational levels and on improving urban and rural civilizations, we should make greater efforts to promote socialist spiritual civilization. Fourth, we should inject new vitality into our socialist cultural work and make the masses' cultural lives more colorful. Fifth, we should tightly grip with two hands [severely crack down on economic crimes while forcefully promoting reform and opening up] and truly strengthen the party's leadership over propaganda and ideological work.

Chen Huanyou pointed out: We should further carry out the arming of the whole party with Deng Xiaoping's theory of building socialism with Chinese characteristics, and ensure that selected leading cadres at and above the county level study the theory well. This year, leading cadres at and above the county level across the province should (?study) at party schools at various levels. At the

same time, we should organize grass-roots party members in a better manner to study the theory; in particular, we should provide courses in a planned and systematic way to train grass-roots party branch secretaries on a rotational basis. In addition, we should place great importance on conducting theoretical education among the youth. We should insist on integrating theory with reality; and integrate theoretical study with publicizing the party's line, principle, and policy, and with our efforts to solve major problems in reform and development. We should unify everyone's thinking on self-consciously meeting the general demand of the work of the whole party and country.

Chen Huanyou said: The ninth provincial conference of party delegates set forth the tasks and targets to be carried out and achieved. It is of great significance to properly study and publicize the conference guidelines. Propaganda departments should regard work in this regard as a major part of this year's propaganda and ideological work, and conduct propaganda and education systematically. We should forcefully publicize the province's objectives to be achieved and the province's three major development strategies and important measures to be taken to enable the masses to understand the great blueprint of Jiangsu's development. We also should turn this blueprint into action of the people across the province.

The propaganda and ideological front should pay special attention to work in two areas. First, they should ensure that the media plays an appropriate role in guiding the public; and should adhere to the principle of promoting unity, [words indistinct], motivating the public, and focusing on conducting positive propaganda. Second, they should do a good ideological and political job to enable cadres and the masses to have a correct understanding of and to adopt a correct attitude toward all the tasks, so that they can dedicate themselves to carrying out modernization work.

Shandong's Standing Committee Meeting Ends

SK1302111195 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 12 Feb 95

[FBIS Translated Excerpt] The 13th Standing Committee meeting of the eighth provincial people's congress ended at Zhenzhuquan People's Hall in Jinan on the morning of 12 February. Ma Zhongcai, vice chairman of the provincial people's congress Standing Committee, presided over the meeting.

At the meeting, the committee members adopted by voting the decision of the provincial people's congress Standing Committee on accepting Zhao Linshan's request of resigning from his post as secretary general of the provincial people's congress Standing Committee, and the decision on accepting Wang Jiangong's request of resigning from his post as vice governor of Shandong Province. [passage omitted]

Li Zhen, chairman of the provincial people's congress Standing Committee; Wang Shufang, Miao Fenglin, Guo Songnian, Xu Jianchun, Ma Shizhong, Guo Changcai, Yan Qingqing, and Xu Xueming, vice chairmen of the provincial people's congress Standing Committee; and Zhao Linshan, secretary general, attended the meeting. Vice Governor Zhang Ruifeng and responsible comrades of the provincial higher people's court and of the provincial people's procuratorate attended the meeting as observers.

Huang Ju Views Shanghai's Anticorruption Drive

OW1002131795 Shanghai People's Radio Network in
Mandarin 2300 GMT 9 Feb 95

[From the "990 Morning News" program]

[FBIS Translated Text] The Shanghai Municipal CPC Committee and the municipal government held a meeting of cadres on 9 February to transmit and implement the guidelines of the Central Discipline Inspection Commission's Fifth Plenary Session.

In his speech, Comrade Huang Ju, secretary of the municipal party committee and mayor, said: We should affirm the periodic results achieved in Shanghai's anticorruption drive. However, we should also heighten our vigilance against problems related to certain trends. Under no circumstance should we allow corruption to corrode the party's organism and to undermine the party's ties with the masses.

He pointed out: In handling party affairs strictly and deepening the anticorruption drive, we should pay close attention to the following three aspects: First, we should implement the central authorities' guidelines in the light of Shanghai's realities to gradually formulate a set of feasible work methods that can be used for a long time. Second, we should fight corruption among cadres of party and government organs as well as leading cadres at the grass-roots level. Third, we should take stopgap measures as well as find permanent cure to corruption.

He urged discipline inspection and supervision cadres to foster a strong awareness of placing the interests of the party and the people above anything else, to work hard at their posts, and to step up investigation and study so as to push the discipline inspection and supervision work to a new height.

The meeting was officiated by Xu Kuangdi, deputy secretary of the municipal party committee and vice mayor.

On behalf of the municipal party committee and municipal government, Deputy Secretary Wang Liping of the municipal party committee reviewed and summed up the fight against corruption in Shanghai last year and mapped out specific arrangements for further deepening the anticorruption drive in accordance with the guidelines of the Central Discipline Inspection Commission's Fifth Plenary Session this year.

Shanghai Vice Mayor Speaks on Enterprise Reform*OW1102030895 Shanghai People's Radio Network in Mandarin 2300 GMT 25 Jan 95*

[From the "990 Morning News" program]

[FBIS Translated Text] Speaking at the municipal restructuring work conference yesterday afternoon, Vice Mayor Meng Jianzhu said: Shanghai's major restructuring task this year is focused on the reform of state-owned enterprises, which is aimed at establishing a modern enterprise system. To establish a modern enterprise system, we must specify relationships among various kinds of property rights, promote circulation of property rights, define rights and responsibilities, separate the administration of the government from the management of enterprises, and apply management techniques to improve the operation of Shanghai's microeconomic system.

Vice Mayor Meng Jianzhu said emphatically: In the first 6 months of this year, we will carry out comprehensive reform measures in 140 municipal and county enterprises. We will expand our reform scale and launch complementary reform measures in the state asset management system and social security system in the next half of this year.

Shanghai's Circuit Industry Develops Rapidly*OW1202041295 Beijing XINHUA in English 0259 GMT 12 Feb 95*

[FBIS Transcribed Text] Shanghai, February 12 (XINHUA)—The circuit industry has witnessed a strong momentum of growth in this economic center in east China, and it has promoted the development of telecommunications equipment and electric appliance industries.

Last year Shanghai produced nearly 32 million pieces of circuits, an increase of 51 percent. The sales income surpassed 600 million yuan, more than double the figure for the previous year. It has started mass production of circuits measuring between 2.4 and three microns.

Foreign-funded enterprises are the mainstay of the industry. Belling company alone sold 23.5 million pieces of circuits last year, two-thirds of the city's total, which were worth 464 million yuan, 74 percent of the total. This year the company will start mass production of 1.2-micron circuits and aims to yield 470 million yuan in sales income.

Last year the Shanghai-based Philips Semi-conductor Company put 60,000 pieces of silicon chips onto the market. This year it will increase its total investment to 200 million U.S. dollars.

The telecommunication equipment and household electric appliance industries reported a sales volume of more than ten billion yuan each last year.

Central-South Region**Guangdong Governor Briefs Foreign Missions***HK1002104495 Beijing XINHUA Hong Kong Service in Chinese 1451 GMT 26 Jan 95*

[By reporter Wang Chuanzhen (3769 0278 4176)]

[FBIS Translated Text] Guangzhou, 26 Jan (XINHUA)—Guangdong Governor Zhu Senlin met here this afternoon with the Guangzhou-based consuls general of eight countries, i.e. Poland, Australia, Vietnam, the United States, Thailand, Malaysia, Japan, and Canada. He also briefed them on Guangdong's economic development.

Zhu said: Despite the continuously rapid social and economic development over the years, Guangdong's economy still maintained the momentum of rapid growth in 1994. The province's gross domestic product was 417.5 billion yuan, an increase of 18 percent over the previous year; its gross value of industrial production was 562 billion yuan, up 26.5 percent over the previous year. Given the extraordinary floods, waterlogging, and other natural calamities, its grain output increased. The agricultural output value registered an increase of 3.7 percent over the previous year. The export volume was \$50.2 billion and the actual use of foreign fund was \$11.46 billion, increasing by 34 percent and 18 percent respectively over the previous year.

Zhu said: This year is a "quality and efficiency year" for Guangdong Province and the focal points of its economic work are: First, reverse the situation in which some enterprises operate at a loss by improving the economic efficiency of industrial production enterprises; second, keep capital input under rational control; third, attach importance to the production of grains and non-staple foodstuff and raise the self-sufficiency degree of grains and meat products; and fourth, keep price hikes under control. With the rise of the retail price general index kept at 18.9 percent last year, Guangdong stood at a medium or below average level in the country as a whole.

Guangdong Section of Railroad Nears Completion*HK1002030995 Beijing ZHONGGUO XINWEN SHE in English 1422 GMT 9 Feb 95*

[FBIS Transcribed Text] Guangzhou, February 9 (CNS)—Guangdong section of Beijing-Kowloon railway and Guangzhou-Meixian-Shantou railway will be completed by the end of this year and Guangzhou-Meixian-Shantou railway will open to traffic then.

This declaration was made by vice-governor of Guangdong Province, Mr. Zhang Gaoli.

Mr. Zhang set detail requirements about the construction of the two railways at the meeting on construction of the Beijing-Kowloon railway. Tracklaying work on Guangdong section of Beijing-Kowloon railway should

be finished before the end of this November. On Guangzhou-Meixian-Shantou railway line, freight car should pass to Jieyang by July this year, to Chaozhou by the early October, to Shantou by late this October and passenger trains can reach to Shantou by end of this December, three months ahead of previous schedule. RMB [renminbi] 2 billion will be injected into the construction of the railways this year.

At present, tracklaying work of the Guangzhou-Meixian-Shantou line has been underway in the territory of Jieyang. 392 kilometer tracks have been laid, making up 82 percent of the total length. Progress of Guangdong section of Beijing-Kowloon line is faster than expected and track-laying of the whole was undertaken in this February.

*Article Reviews Hainan's 'Special' Policies

95CE0221A Haikou HAINAN JINGJI BAO in Chinese
6 Dec 94 p 2

[Article by Fu Dabang (4569 1129 2831), researcher at the Hainan Provincial Social and Economic Development Research Center: "Hainan Must Pay More Attention to the Word 'Special'"]

[FBIS Translated Text] Under the conditions of China's policy to open up wide on all sides and to build a "large, unified, open, competitive, and orderly market system," the special policies of the special economic zones have weakened and the gap between Hainan and China's inland areas has narrowed. What is so "special" about the Hainan Special Economic Zone? How can Hainan do something "special?" These are the issues of general concern to the people in Hainan. Now let us discuss these two issues and the proposals I offer.

I. The role of the special economic zone as a window for opening up to the world will soon be replaced by the its as a pioneer and a bridge and the exemplary model. First of all, we must realize that China's opening-up program has build on the opening of its coastal areas and the development of the economic special zones to the current policy of opening up wide on all sides to the outside world and from the implementation of the policy of favoring certain regions to that of favoring industries. This is an inevitable outcome in China's economic development. To implement the policy of opening our doors wide on all sides means that the historical role of the special economic zones as windows in opening up to the world will soon end and their role will soon be replaced by the role as a pioneer and a bridge and the exemplary model. Therefore, preferential policies of a regional nature cannot and should not be retained forever. However, the central authorities still need to develop the special economic zones for a certain period of time. Thus, the preferential policies for the special economic zones will remain unchanged.

II. Will policies for the special economic zones change or not? The preferential policies for the special economic

zones will remain unchanged. This statement is true in principle as far as the policies on special economic zones are concerned. Specifically speaking, some policies have already changed. Those preferential policies which have changed include the following:

1. The exchange rates have been merged. A unified system of floating exchange rate has been implemented in the country. The foreign currency swap markets have been abolished, and the free conversion of foreign currencies in society has been prohibited. A banking system for settlements and sales of foreign exchange is introduced.
2. There is no need to implement the policy of separate management on scale of credit. (Hainan has never actually benefitted from this policy, as such policy has never been implemented there.) Policies such as that of "turning all bank deposits in the Hainan Provincial Bank into credit funds and of making more deposits in order to earn more credits" and the policy that "the Hainan Provincial Bank and banks in China's inland areas may borrow money from each other" are new.
3. The policy of tax exemption for imported passenger motor vehicles is to become invalid in Hainan.
4. Just like enterprises in other areas, the Hainan Special Economic Zone implements, in principle, the system of tax division and a unified tax rate. However, it also enjoys the preferential policies set for special economic zones.

With the changes of the aforementioned policies, the Hainan Special Economic Zone has lost some vested interests, but the change of some of the policies is not at all harmful, such as the merger of exchange rates.

There are no changes in Hainan's basic special policies. The main basic special policies are as follows:

1. The central authorities give Hainan local legislative power. They also give Hainan relatively larger power to manage its own economic affairs.
2. The administrative organs, non-profit institutions, and enterprises in the Hainan Special Economic Zone may, upon approval by the competent department for tax affairs, import machinery and equipment, parts and accessories, raw materials, fuel and trucks for their own use in construction and production, and a reasonable amount of office equipment and materials "for their own use" [quotation marks as published] in promoting tourism without having to pay the import tax or the value-added and consumption taxes in the production sector. Hainan Province is also authorized to import means of production for "sales through its own channels" by paying 50 percent of the required import duties and the value-added and consumption taxes in the production sector. However, it must repay the amount of import duties and the value-added and consumption taxes exempted or reduced when it ships the imported tax-free goods to other parts of the nation.

3. Enterprises in the special economic zone are exempted from paying customs duties and the value-added and consumption taxes when they export the products they have manufactured with imported raw materials. With the exception of a few products clearly defined by the state, all the export products made from domestic raw materials are also duty free.

4. Enterprises in the special economic zone enjoy preferential treatment in terms of tax rates. Their income tax rate is only 15 percent. Enterprises which are engaged in developing harbor, wharf, airport, highway, power generation, coal mining, water conservancy and agricultural projects, and scheduled to operate for more than 15 years, will, from the year they begin to make a profit, be exempted from income tax for the first five years. Those scheduled to operate for more than 10 years will, from the year they begin to make a profit, be exempted from income tax for the first and second years and allowed a 50 percent reduction in the third to fifth years, in addition, those with advanced technologies which are officially recognized by the provincial government are allowed a 50 percent reduction in the sixth to eighth years. Following the expiration of the period for tax exemption and reduction of income tax, enterprises engaged in industrial and agricultural production are allowed a 10 percent reduction of the amount of income tax payable for the particular year in which their export value exceeds 70 percent of their total output value. Any enterprise in the service industry with a total investment exceeding \$5 million or 20 million yuan, which is scheduled to operate for more than 10 years, will, from the year they begin to make a profit, be exempted from income tax for the first year and allowed a 50 percent reduction of the income tax for the second year. It is exempted from the income tax for the amount of profits remitted out of China, from the construction tax and from prepaying taxes on dividends, rental income, and interest.

5. Hainan's import and export policy is relatively liberal. Joint ventures in Hainan with foreign investor shares exceeding 25 percent are authorized to handle import and export businesses. The delegate of the Ministry of Foreign Trade and Economic Corporation in Hainan is authorized to issue certificates on commodities under state quotas after plans are submitted by Hainan Province and verified and approved by the said ministry. The ministry may also entrust Hainan to issue these certificates. Hainan is also authorized to import, according to its actual needs, the means of production "for its own use" and "for sales through its own channels." Foreign-funded enterprises in Hainan may request permission to produce products that conform to the specifications set by the state for domestic sales in lieu of imports, and settle accounts in foreign currency.

6. Hainan has a more liberal banking policy in dealing with foreign businesses. With the approval of the People's Bank of China, foreign banks may set up branches, joint ventures, or other financial institutions in Hainan.

Based on the principle of borrowing and repaying loans on its own, Hainan Province is authorized to directly raise funds overseas for its own construction. With the approval of the department in charge, Hainan may issue bonds in foreign markets. Enterprises in Hainan may keep spot exchange which it has earned by exporting products or engaging in other business activities.

7. Hainan has a liberal policy on tourism and foreign affairs. Hainan Province has the authority to introduce investment from abroad for tourism and to notify applicants on matters concerning visas. It is also authorized to screen and approve any applications submitted by foreign businesses to set up enterprises for tourism or to set up overseas organs for trade or tourism. It has the authority to grant "visas at destination" to foreigners, overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan who wish to discuss business, do sightseeing, or visit relatives in Hainan. (Visa can be granted to those whose stay in the Hainan Special Economic Zone does not exceed 15 days.)

8. Investors may lease and use land in Hainan for as long as 70 years. They may have their leases extended after expiration. Investors may acquire the right to use land not only through any agreement, but also through the form of public bidding and property selling. They may pay the price of land in a single payment or pay it in installments according to the regulations.

9. Hainan adopts a policy to relax restrictions on investments and protect the rights and interests of the investors. Foreign investors are welcome to develop harbor, wharf, highway, storage, power generation, posts and telecommunications, communications, aviation, and sea transportation projects and other infrastructural facilities. They are allowed to invest in retail businesses and foreign trade. They are encouraged to engage in banking, insurance, advertising, consultation, legal affairs, accounting, and real estate businesses, operate travel agencies, or run hospitals and schools for the cause of the public good. The state protects legitimate investor rights and interests according to law, refrains from nationalizing or using their assets without compensation, and safeguards their right to make their own decisions.

10. In accordance with the requirements of a developing market economy, Hainan gives enterprises in the special economic zone the right to manage their own affairs, including the right to make investment decisions, work out their own plans for the production and marketing of products, determine their own prices, set up their own administrative departments, and hire or fire their own workers.

11. The State Council has approved the establishment of the Yangpu Economic Development Zone, the Haikou Bonded Area and the Hainan Market For Bonded Means of Production. Besides implementing various preferential policies in the Hainan Special Economic Zone, it also carries out a new bonded policy and some policies on setting up "export processing zones" and "free trade

zones." For example, it permits the flow of foreign currencies and the settling of accounts in foreign exchange and allows enterprises with foreign investments to do international and entrepot trade in the aforementioned two types of zones. Quota certificates and permits are not needed for goods to enter or leave the zones. Goods stored in the zones are completely bonded, and all industrial and trade enterprises there have the rights to handle import and export businesses.

12. The State Council has approved the establishment of border trade centers at eight ports and Yangpu (Baimajing), and Hainan has carried out a policy of promoting markets trading in the border region and flexible measures to promote small-scale trading.

By reviewing the aforementioned basic special policies in Hainan, we have realized that these policies in the Hainan Special Economic Zone have not changed. These policies in Hainan are not implemented in other provinces in China, while some of the special policies are not comparable to those in other special economic zones. Some specific policies have changed, but the fundamental nature of the Hainan Special Economic Zone has not. The change of some specific policies has not made Hainan handle special cases in a special way. Thus, we cannot draw the conclusion that Hainan is no longer a "special" zone because of changes in some specific policies. In the course of developing the socialist market economy and opening our country wide on all sides, there is plenty of room to develop in Hainan, and the prospects for its future development are bright as long as we pay more attention to the word "special."

III. Several proposals for paying attention to being "special"

To open to the outside world is the lifeline of the Hainan Special Economic Zone. Without opening to the outside world, there will be no Hainan Special Economic Zone. The Hainan Special Economic Zone must resolutely implement the policy of opening up to promote development, adhere to the policy of opening up wider to the outside world and deepening reform, combine efforts in opening up with those of deepening reform, integrate policy advantages with economic advantages, and pay full attention to the word "special."

1. It is necessary to promote the bonded policy and gradually build Hainan into the largest bonded district in China. This is a major act aimed at maintaining the policy advantage of the Hainan Special Economic Zone before and after China's re-entry into GATT. By doing so, Hainan can not only retain the difference between its own policy and the policy in China's inland areas, but also make full use of GATT's "Exceptional Free Trade Zone Provisions" to develop Hainan's export-oriented economy. Hainan now has the Yangpu Economic Development Zone, the Haikou Bonded District, the market for bonded means of production, two border trade centers, and many bonded warehouses. Actually Hainan has become an embryonic form of the largest bonded

district in China. As long as we exert great efforts in developing the Yangpu Economic Development Zone, the Haikou Bonded District, and the two border trade centers, as well as the market for bonded means of production and the bonded warehouses, we will be able to do a good job in invigorating Hainan's export processing industry and entrepot and international trade. With the vigorous development of an export-oriented economy, it is possible and also necessary to build more bonded warehouses and several more bonded districts in Hainan and gradually turn Hainan into the largest bonded district in China.

2. It is essential to adopt more flexible measures in carrying out existing special policies. It is worthwhile to study the following matters:

In the field of banking, we must bring into full play the role of nonbanking financial institutions in Hainan, while quickening steps to commercial specialized banks. We should deal with these financial institutions flexibly, instead of placing them under rigid control. We must attract more foreign banks, banks of joint investment, or other financial institutions such as export credit insurance companies, international communications and transportation insurance companies, international securities companies, international credit evaluation companies, and international financial futures companies. These companies can be set up in the Yangpu Economic Development Zone and the Haikou Bonded District first. There are many advantages if they operate flexibly. It is necessary to open up Hainan's securities market to the outside and energetically encourage Hainan's shareholding companies to list their shares and stocks on the markets of Hong Kong, Singapore and other countries. Flexible measures should be adopted to make things convenient for overseas Chinese and compatriots from Hong Kong, Macao, and Taiwan to buy Hainan A shares with foreign currencies. We must seize the opportunity of high interest and inflation rates abroad to issue more bonds in overseas markets. After the Hainan Foreign Currency Swap Market is abolished, we may set up a foreign currency swap market in the Yangpu Economic Development Zone for the free conversion of foreign currencies, since China's policy permits the circulation of foreign exchange in economic development zone.

While actively trying to open up to world markets, we should adopt flexible measures in opening up Hainan's market to the outside in import and export businesses. Foreign businesses should be encouraged to run retail businesses and shops of exquisite and specialized merchandise. Foreign-funded enterprises in Hainan should be allowed to sell their products on the domestic market. We should make use of the policy of importing goods with a 50 percent reduction of import duties for "sales through Hainan's own channels" to import more goods for the local market. We must make use of the policy of "producing products in lieu of imports" to help foreign-funded enterprises sell their products on the domestic market. It is necessary to make use of the Yangpu

Economic Development Zone and the Haikou Bonded District to promote entrepot trade and invigorate commercial and trading activities in the "two districts" and turn them into an international trade and business district like the "Shatoujiao" in Shenzhen.

With the exception of the existing preferential policies on taxation, we must make use of the system of tax division to give more decision-making power to Hainan and adopt a low tax rate policy. Industrial enterprises which process China's domestic materials and local resources, particularly small and medium-sized enterprises, should be given preferential treatment to help make their products more competitive on domestic and world markets.

In promoting tourism in Hainan, first we must make full use of Hainan's expanded decision-making power to boldly examine and approve applications filed by foreign investors to run tourist and travel agencies, particularly multinational travel agencies. Meanwhile, we must also set up tourist and travel agencies abroad in order to attract more tourists to come to Hainan. Second, we must make full use of the policy to grant "visas at destination" and adopt flexible measures to make things convenient for travellers to do sightseeing in China via Hainan. Third, the Fenghuang Airport in Sanya and the Meilan Airport in Haikou may request the state to grant approval that planes outside of Hainan be given priority to take off, while upholding the principle of reciprocity in flight.

3. It is necessary to implement special policies and adopt flexible measures in bringing into full play Hainan's advantage in natural resources.

A) We must give full play to Hainan's advantage in land resources and trade land for money and technology. The measures we should take are as follows:

First, we must treat associated enterprises in inland areas and local enterprises in the same way and draw parallel lines between compatriots from Hong Kong, Macao, and Taiwan and local residents; and give all of them "national treatment." Enjoying the privilege of using the state land permanently, all of them are encouraged to buy land for their relatives and offspring to realize their aspiration that "100 mu of land are better than a thousand pieces of gold." Second, we should sell land of a commercial nature at market prices through public bidding or auction, particularly land for real estate business in cities. The form of leases in batches through negotiation may be introduced, and the policy of comprehensive compensation and the low land price policy should be implemented in dealing with land used for the development of infrastructural facilities, industry, and agriculture. Third, industrial enterprises which have been suffering financial losses over a protracted period of time should be allowed to sell their land and factory buildings by auction.

(2) We must bring into full play Hainan's advantage in ocean resources and encourage investors to develop

ocean resources. First, Hainan should request approval from the state to be given the right to organize investors at home and abroad to develop offshore petroleum and natural gas resources. Second, we must encourage investors in and out of Hainan to develop islands in the sea. We should carry out the policies of leasing the land at lower rates and of tax exemption in dealing with those enterprises which try to develop industries and infrastructural facilities on various islands in the sea.

(3) We should make use of the system of tax division to give Hainan Province the decision-making power to flexibly handle, examine, and approve applications filed by industries that develop the local natural resources and by agricultural enterprises for tax exemption and reduction.

Hunan Makes Strides in Telecommunications

OW1202041495 Beijing XINHUA in English 0242
GMT 12 Feb 95

[FBIS Transcribed Text] Changsha, February 12 (XINHUA)—All the 98 cities and counties in inland Hunan Province now have access to program-controlled telephone services which were operational only in the provincial capital six years ago.

The growth of this sector has made mobile phone services available to 53 cities and counties, and pager services to 96 cities and counties.

The province first invested 210 million yuan (24.7 million U.S. dollars) at the end of 1985 to upgrade rural manual phones, and since 1989 it has injected over 1.2 billion yuan for building 700,000 lines of program-controlled phones, 200,000 lines of domestic direct-dialing phones, 100,000 lines of rural automatic phones and 50,000 pager lines.

An on-going seven-billion-yuan scheme which began in July, 1992, is aiming to add 1.65 million sets of telephone by the end of this year.

Criminals Nabbed in Shenzhen Gunfight

HK1302084795 Shenzhen SHENZHEN TEQU BAO in Chinese 23 Jan 95 p 11

[Report by Jin Yue (2516 4727), Ye Ou (0048 7743), Yi Fang (5030 2455), and Xiao Shu (5618 3990): "Shots Whizz Across the Sky—On-the-spot pursuit and capture of criminals involved in 10 January Homicide Case"]

[FBIS Translated Text] Facing ferocious armed killers, officers and men of the armed police corps stepped forward and assisted public security cadres and policemen in rounding up the thugs. The breath-taking scene took place on the overpass outside He Tongle checkpoint of the Shenzhen SEZ along the Guangzhou-Shenzhen Expressway on the afternoon of 10 January.

At around 1600 on 10 January, an armed homicide took place on Taoyuan Road, near Dawang Shan, in Shenzhen's Nanshan District—during a gunfight between two gangs of thugs. Five thugs of one gang shot one of their opponents dead and severely wounded another, then got into a gray car and rapidly fled the scene. At that juncture, three policemen from the Pingshan police substation passed by and heard the gunshots. They promptly started in hot pursuit of the car in question.

The thugs were driving along the Guangzhou-Shenzhen Expressway, heading for Guangzhou, with the three policemen following closely in a van.

The Tongle checkpoint was in sight. Seeing a police van behind them in hot pursuit, the flustered thugs accelerated, in a vain attempt to break through the checkpoint. The policemen in the van resolutely fired their guns in the air: "Bang! Bang! Bang!" The gunshots tore the sky.

Political Commissar Guo Yingzhong of the Tongle checkpoint, who was organizing the troops to study a document from the higher levels, heard the gunshots. With a soldier's professional discrimination, he promptly saw the picture: Something has happened! Swiftly he stood up and looked out through the glass wall of the meeting room.

At this juncture, the thugs' car had already come up the overpass on the expressway in front of the checkpoint. As the car was at top speed, making a sharp turn up the slope, it crashed into the barrier, then bumped a taxicab to its left. The thugs managed to get out of their car and started to scatter, running for their lives. Now the police van was coming up rapidly. The three policemen jumped out of the van, aimed their guns at the thugs, and shouted: "Freeze!"

At this moment, one of the thugs who had jumped out of the car was running rapidly along on the overpass above the expressway, while trying to stop any passing car. Seeing this, a soldier named Zhou Huiyuan from Unit 5, who was on a field patrol 300 meters from the scene, promptly dashed over, jumped five hurdles so as to take a short cut, and blocked the thug head on. At this moment, another soldier, Chen Shineng from Unit 4, arrived in a timely fashion. Chen came up and grasped the thug by his clothing, whereas Zhou maneuvered a swift and powerful kick. As a result, the thug was tripped, and he fell over onto the ground. With joint efforts, the two soldiers subdued the thug.

When the other four thugs saw that there was no exit on the expressway stretching endlessly ahead, they panicked, and climbed over the barrier, one after another, jumped from the two-story high overpass, and ran for their lives. At this juncture, officers and men of the armed police corps at the checkpoint, fierce as tigers, dashed for the thugs. At the same time, public security cadres and policemen reminded the officers and men, saying: "Careful, the thugs are armed!" Regardless of the danger that the thugs might fire their guns at any time, a

soldier named Luo Yuan swooped down and grasped a thug by the hair. Then, with a side kick, he flung the thug on the ground. In a minute, another two soldiers had arrived, Mo Xing and Mai Haizhong, and the three of them captured the thug with joint efforts. When another thug saw that things were pretty bad for them, he slyly hid himself in a deserted shack so as to stubbornly resist, in an attempt to fight a last-ditch fight.

At this moment, the situation grew even more grim! The thug sheltered in the shack had a gun. At this point, Commissar Guo ordered the troops to make arrangements for a cordon outside the shack, so as to surround it. At the same time, he sent men to maintain order on the site, and all vehicles and passengers passing through the site had to go via a detour so as to ensure their personal safety. When checkpoint chief Li Shicai learned about the situation, he quickly came to the site and started conducting the operation himself.

The armed thug hiding in the shack made no movement or sound, and the atmosphere was extraordinarily tense. Then, some 30 fully armed cadres, policemen, and security men organized by Baoan Public Security Sub-bureau's Linzhi Police Substation arrived at the site. The thug eventually put down his weapon and surrendered, awed by the strong position of the armed police corps officers and of the men, public security cadres, and policemen in wake of their persuasion with policy.

With the complete cooperation of the armed police corps officers and men, and the public security cadres and policemen, it took less than two hours from the eruption of the gunfight to the thugs' being rounded up. Two thugs who remain at large, but their four accomplices all were rounded up.

Southwest Region

Report on 'Street Brawl' Incident in Tibet

OW1102132695 Beijing XINHUA in English 1306
GMT 11 Feb 95

["Street Brawl Checked in Lhasa"—XINHUA headline]

[FBIS Transcribed Text] Beijing, February 11 (XINHUA)—Police in this capital city of southwest China's Tibet Autonomous Region has checked a street brawl created by some hooligans, according to reports reaching here today.

The incident started with a quarrel, which occurred at about 2:00 PM [0600 GMT] on February 2, between a restaurant boss and a farmer customer who complained he found a piece of finger nail in a dish he had ordered.

The quarrel soon drew a crowd outside the restaurant located around the corner of Bargor Street. Some hooligans stepped in and beat employees of the restaurant and threw stones and wine bottles at policemen who came to maintain order.

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Making use of the restaurant brawl early next morning, a handful of hooligans damaged several restaurants on the street, broke the front gate glasses of a local tax bureau and injured a number of public security officers on duty there.

They were dispersed soon by police and the street order there returned to normal, according to the reports.

The reports said the finger nail incident happened solely due to loose sanitation control and poor management of the restaurant, and the local public health department is investigating the case with the restaurant.

Tibet Struggles Against Splittists, Dalai Clique

OW1202102195 Lhasa Tibet Television Network in Mandarin 1200 GMT 11 Feb 95

[Announcer-read "Television Forum" article: "It Is Everyone's Duty To Maintain Stability"; from the "Regional News Hookup" program]

[FBIS Translated Text] As everyone knows, this year is crucial for this autonomous region to thoroughly implement the guidelines of the Third Tibet Work Forum, held by the central authorities, and to accelerate economic development. It is also the happiest year for the people of all nationalities in this region, as people of all walks of life are enthusiastically ushering in the 30th anniversary of the region's founding. However, despite such an excellent situation, splittist elements headed by the Dalai, in and outside Tibet, are arbitrarily labelling trivial matters, such as street arguments between individuals, as so-called issues between nationalities to start rumors and create trouble. This shows that they are now at their wits' end, as well as a dead end, and can only use such clumsy, dirty tricks, trying to attain their sinful goal.

Stability is indispensable for development. An ethnic region's social development has a great bearing on the ethnic group's prosperity or decline. Development is the last word, just as Comrade Deng Xiaoping said. Nevertheless, to ensure development of all undertakings in this region, we must have a stable social environment. For this reason, anyone with breadth of vision who is concerned about the nation's destiny should ignore rumors and refuse to spread them. He should also justly take a clear-cut stand and step forward to wage a resolute struggle against the Dalai clique and duly contribute to Tibet's development and prosperity. In short, to maintain stability is a basis and guarantee for people of all nationalities in Tibet to accelerate economic development and achieve prosperity. To maintain Tibet's stability is a bounden duty of the people of all nationalities in this region.

Returning Tibetans Praise Government's Solicitude

OW0902131695 Beijing XINHUA in English 1009 GMT 9 Feb 95

[FBIS Transcribed Text] Lhasa, February 9 (XINHUA)—Returned Tibetan compatriots in Lhasa are

aware of the government's solicitudes, while preparing for the coming Tibetan New Year, which will fall on March 2, this year.

"I have been living on alien soil for 25 years. I used to be an inferior abroad and never had such a feeling of being so cared about. That makes me feel great, indeed."

Seventy-four-year old Toinzhub Yujil, who came back to his home country a dozen years ago, repeatedly showed his indescribable joy, with palms pressed together in the gesture of prayer, to the regional officials who visited him before the arrival of the New Year.

"Despite the fact that I'm old and feeble now, and have made few contributions to my homeland, the government keeps on providing us with festival presents and never forgetting to greet us [as received] on the occasion of the New Year and other festivals," he said with deep feeling, adding, "This was completely unthinkable when I was abroad."

With the advent of the Tibetan New Year, departments of the Tibetan autonomous region have allocated special sums used for purchasing butter and tea, as well as other presents to show respect for a hundred some households of tibetan compatriots who returned to seek permanent residence in Lhasa. They have also donated 500 yuan as festival subsidies to each of single aged people and those having financial difficulties.

Losang Danzim, head of the United Front Work Department of the Autonomous Regional Committee of the Communist Party of China, has been busy these days in calling on households of the returned compatriots and presenting them with hada, a piece of silk used as a greeting gift among the Tibetan and Mongolian nationalities.

He cordially chatted with them, inquiring about their living conditions and their work. He told them that the government is duty-bound to make arrangements for their lives, and to help them deal with any troubles.

While appreciating the government's efforts, the returned tibetans said that they would do their best for the homeland's economic construction and social stabilization.

Tibet Improves Teachers' Living Standards

OW1102014195 Beijing XINHUA in English 0132 GMT 11 Feb 95

[FBIS Transcribed Text] Lhasa, February 11 (XINHUA)—All sectors of society in the Tibet Autonomous Region are contributing to the improvement of the living standards of teachers and education conditions.

Last September the region launched a campaign to this end, and it has been enthusiastically carried out.

Monetary awards given to teachers since then have topped two million yuan (235,294 U.S. dollars). In

addition, another two million yuan has been donated for school building construction. Other benefits provided to teachers include preferential medical treatment, commodities at reduced prices and other material rewards.

In Xigaze Prefecture people from 25 units donated a total of 67,000 yuan to teachers.

In Lhorong County, 20 primary schools have been constructed with donations from local people, bringing the number of village primary schools to 48, and greatly raising the school attendance rate.

Zhukang Tubdankezhub, a "living Buddha" and a vice-chairman of the Nagqu Prefectural Committee of the Chinese People's Political Consultative Conference, contributed 23,000 yuan to two primary schools.

North Region

Beijing Steps Up Trials of Economic Disputes

OW1202120495 Beijing XINHUA Domestic Service in Chinese 0639 GMT 11 Feb 95

[By reporter Niu Aimin (3662 1947 3046)]

[FBIS Translated Text] Beijing, 11 Feb (XINHUA)—The people's courts at all levels in Beijing municipality protected the legitimate rights and interests of litigants and maintained economic order in society through the trial of economic dispute cases and the enforcement of court rulings.

According to statistics, courts at all levels in Beijing handled 27,110 cases of economic disputes and wound up 27,025 cases between 1991 and 1994. As a result, 5.4 billion yuan involved in lawsuits were channeled to the economic sphere and allowed to give play to their economic efficiency in a timely manner. To guarantee and expedite the establishment of a market economy and to protect the normal circulation of commodities, Beijing courts conscientiously tried cases of disputes over purchase and sale contracts that accounted for 43 percent of the total cases in a timely manner and wound up over 97 percent of the cases tried in the same year.

Courts at all levels in Beijing tried and wound up 1,419 cases of disputes over loan contracts and brought about the repayment of loans worth more than 500 million yuan in the past three years. The Xuanwu District branch of the Industrial and Commercial Bank of China could not get the repayment of an over 1.5 million yuan loan for a long time. After the Xuanwu District Court issued an order demanding its repayment, it took the branch only two days to get it in full.

Meanwhile, through the trial of cases of rural contract disputes and cases involving the peasants' interests, Beijing courts promoted the stability of the dual-level economic management system comprised of the household contract responsibility system with remuneration

linked to output and the collective economy's appropriate scale of operation, and protected the rural economy's healthy development. Through the trial of 448 cases of intellectual property rights disputes, they strengthened judicial protection for intellectual property rights and protected the legitimate rights and interests of Chinese and foreign litigants in accordance with the law.

Hebei's Zhao Shiju Addresses Work Conference

SK1102065195 Shijiazhuang HEBEI RIBAO in Chinese 13 Jan 95 p 1

[FBIS Translated Excerpt] After a two-and-a-half-day session, the provincial organizational work conference concluded in Shijiazhuang on the morning of 12 January. During the conference, the participating personnel emphatically discussed the issues of selecting and promoting outstanding young cadres; training and educating leading cadres, and enhancing the construction of leading bodies. Work arrangements for the entire year were also made at the conference. Cheng Weigao, secretary of the provincial party committee; and Zhao Shiju, member of the provincial party standing committee and director of the organizational department; addressed the conference. Wu Yedu, member of the provincial party standing committee and secretary of the provincial discipline inspection commission, attended the work conference.

During the conference this morning, Zhao Shiju delivered a summary report and a report on making organizational work arrangements for the province this year. He stated: In conducting the organizational work in the new year, the province will firmly seize the whole situation in the work undertaken by the entire party and country by regarding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as a guidance. It will earnestly implement the spirit of the Fourth Plenary Session of the 14th CPC Central Committee and the spirit of the eighth plenum of the fourth provincial party committee. It will also implement the overall arrangements for party building this year; vigorously expedite the construction of ideology, organizations, and work style; and exert efforts to make a new breakthrough in the selection and promotion of outstanding young cadres, to achieve the new enhancement in training and educating cadres and new progress in deepening the reform among personnel systems, to newly upgrade the level of building party organizations at the grass-roots level, to create a new situation and scale a new level in expediting new and grand projects in the organizational work of the province, and to provide a strong and powerful organizational guarantee for fulfilling the tasks of reform and construction. [passage omitted]

Lastly, Zhao Shiju urged the organizational departments at all levels to enhance their self-improvement, to optimize their personnel contingent's structure, to pay attention to policy studies, to further change their work style, and to improve their capability of serving the party's basic line.

Attending the work conference were responsible comrades in charge of the personnel work from the party committee of various cities and prefectures, directors of organizational departments, responsible comrades in charge of organizational and personnel work from the provincial level organs, and directors of personnel affairs sections.

Hebei To 'Accelerate' Commodities Development

OW1202144695 Beijing XINHUA in English 1409
GMT 12 Feb 95

[FBIS Transcribed Text] Shijiazhuang, February 12 (XINHUA)—North China's Hebei Province will exert itself this year to accelerate the development of commodity markets as part of its efforts to boost local market-oriented economy.

Investment in market development in the province will top 1.5 billion yuan in 1995, 150 million yuan more than last year, according to the provincial government. The turnover of the province's commodity markets is expected to reach 70 billion yuan this year, 40 percent over the 1994 figure.

One hundred more markets will be set up this year, bringing to 4,300 the total number of markets in the province. Chain stores will be for the first time set up in the cities of Shijiazhuang, Tangshan, Qinhuangdao and Handan.

Some large-scale trading centers, including the XINHUA Trade Center and Xinji Leather Store in the province's capital city of Shijiazhuang, will be expanded.

The number of shops and stores is expected to reach 800,000 in the province by the end of 1995, officials said.

Hebei Province Curbs Price Hikes

OW1202070295 Beijing XINHUA in English 0639
GMT 12 Feb 95

[FBIS Transcribed Text] Shijiazhuang, February 12 (XINHUA)—Price hikes, mainly with foods and other daily necessities, have been put under control in Hebei, a province around Beijing.

In January the price level with non-stable food and pork was down by over 20 percent.

Economists and officials attributed the achievement to macro-economic control.

Steady economic growth, improvement of people's financial strength and an abundant commodity supply also contributed to the lowering of prices, they said.

The province plans to keep the price growth rate under 13 percent this year, and emphasis will be put on daily necessities.

In recent years, the province has taken a series of measures to stabilize prices, including efforts to produce more grain, cotton, oil-bearing crops and vegetables.

It has also started to enhance a reserve system for important commodities and a risk fund.

The state-run commercial departments are asked to play a bigger role in controlling prices.

Hebei Makes Plans To Control Water Pollution

HK1102030595 Beijing CHINA DAILY in English 10
Feb 95 p 3

[By CD News: "Hebei to Limit Water Pollution"]

[FBIS Transcribed Text] Hebei provincial government plans to spend 370 million yuan (\$44 million) over five years to control pollution flowing into the upper reaches of Guanting Reservoir, a major drinking water source for residents in Beijing and Hebei Province.

Some 46 million yuan (\$5.4 million) will be used to treat 10 key pollutants, including the Xuanhua Paper Mill. The rest will be invested in building two urban waste water treatment plants in Zhangjiakou and Yangfang of Xuanhua District.

The plants will each handle between 120,000 tons and 160,000 tons of sewage daily.

Guanting Reservoir is located between Zhangjiakou City of Hebei Province and Yanqing County of Beijing.

About 44 per cent of the land area of Zhangjiakou has been set aside as a water reserve area of Guanting Reservoir.

The related departments in both Hebei Province and municipal Beijing have tried in the past to preserve a safe water resource for domestic use and industrial production in the capital city.

Yet, the water in Guanting Reservoir is contaminated because lots of industrial and domestic waste water is discharged into the upper reaches of the reservoir, according to Beijing-based China Environment News.

Chemical oxygen demand (COD) and the amount of chemical ammonia and nitrogen discharged into the reservoir have increased, and blue-green algae have emerged in the water.

That pushed Hebei provincial government and the city of Zhangjiakou to work out the five-year programme on pollution control in the upper reaches of Guanting Reservoir and related rivers and their branches.

When the project is completed by the year 2000, COD and the amount of ammonia and nitrogen in Guanting Reservoir is expected to be reduced by 60 to 73 per cent.

Zhangjiakou City, despite financial difficulties, has already invested 55 million yuan (\$6.5 million) in the programme.

Inner Mongolia's Work Conference Ends

SK1202042995 Hohhot NEIMENGGU RIBAO in
Chinese 24 Jan 95 p 1

[By reporter Zhang Chi (1728 1716): "Liu Mingzu, Secretary of the Inner Mongolia Regional CPC Committee, Speaks at the Regional Organizational Work Conference"]

[FBIS Translated Text] The regional organizational work conference satisfactorily ended on 22 January. The conference called on the party committees at various levels across the region and their organizational departments to comprehensively implement the guidelines of the fourth plenary session of the 14th party Central Committee, the national rural grass-roots organizational construction work conference, the national organizational work conference, and the sixth regional party congress; and further achieve the organizational work in the new situation with good mental state.

Present at the conference were responsible comrades of the league and city party committees in charge of the organizational work, directors of the league and city organizational departments, responsible leaders and personnel (cadre) section chiefs of the departments and units directly under the region, and personnel (cadre) section chiefs of the central units stationed in Inner Mongolia.

Liu Mingzu, secretary of the regional party committee, made an important speech on the issues of further strengthening the party building, particularly strengthening the construction of leading bodies; and of vigorously training, selecting, and promoting excellent young cadres.

Liu Mingzu said: The regional organizational work conference is an important meeting to further implement the guidelines of the fourth plenary session of the 14th party Central Committee and the sixth regional party congress. Further achieving the construction of the leading bodies at various levels and training, selecting, and promoting excellent young leading cadres is a real act to implement the guidelines of these two meetings. He said: The key to grasping the party building and the construction of the grass-roots organizations; training, selecting, and promoting young cadres, and implementing democratic centralism hinges on continuing to build well the leading bodies at various levels. He said: The key to building a socialism with Chinese characteristics, ensuring that the basic line of the party will not be shaken for 100 years, realizing the fighting goals defined at the sixth regional party congress, and fulfilling our historical missions is to build the leading bodies at various levels into the collectives with firm politics, organizational unity, emancipated minds, solid work style, leadership ability, prestige, unity, and fighting forces. He said: Building socialism with Chinese characteristics is a long-term historical task and needs the arduous efforts of people from several generations. Therefore, we should not only

build the existing leading bodies well but also train, select, and promote a large number of excellent young cadres so as to solve the problems concerning the successors to our causes. He urged that the party committees at various levels should approach from the strategic high plane of building a socialism with Chinese characteristics and ensuring the long-term peace and stability of the party and the country to fully understand the importance and urgency of strengthening the construction of the leading bodies and training, selecting, and promoting excellent young cadres.

Liu Mingzu stressed: To strengthen the construction of the leading bodies, we must grasp theoretical study; upgrade leading cadres' theoretical understanding; persist in the education on the aim of the party; strengthen the party spirit of the leading cadres; ceaselessly upgrade the leadership in the course of reform, opening up, and modernization; enhance ability; conscientiously implement democratic centralism; and strengthen the unity within leading bodies.

In regard to the issue concerning training, selecting, and promoting excellent young cadres, Liu Mingzu said: Whether or not we can achieve this work in line with central arrangements directly judges whether or not we can smoothly realize the goal of replacing old cadres by the new; the region's reform, opening up, and modernization can successfully be carried out; and what attitude we will take to welcome the 21st century. He stressed: In the new situation of building the socialist market economic structure, we should make a big breakthrough, make great headway, and expand the dynamics in this regard. It is necessary to eliminate the traditional phenomena and outdated habits of making arrangements in the order of seniority, of demanding perfection, and of giving consideration; the practice of selecting personnel with one pattern; and the ideas of being timid and overcautious. Leading bodies should be installed and cadres should be selected and used according to the demands for the development of undertakings and in line with actual work conditions so as to ensure to make good use of their talents.

Liu Mingzu stressed: We must accelerate the pace of reforming the cadre system, set up step by step a vigorous employment mechanism, and create conditions so that excellent skilled persons can emerge. We should ensure that cadres can be either promoted or demoted and employed or dismissed; form an environment in which the best are selected through open, equal competition; select and use personnel more democratically; persist in the mass line; and widen the field of vision and channels for personnel selection and employment. Simultaneously, we should strengthen examinations, assessments, and supervision; prevent the unhealthy employment practice; make a new breakthrough and improvement in our cadres' work; and actually promote the young cadres who are able to take on the heavy duties spanning this century and the next. The party committees at various levels should manage cadres and understand, be familiar with, and examine cadres in the course

of practice. He stressed the necessity to strengthen the training of minority nationality cadres and strive to upgrade their political quality, thinking, and leadership.

Bai Enpei, deputy secretary of the regional party committee; and Feng Qin, standing committee member of the regional party committee and director of the regional party committee, attended the conference.

Tianjin Municipality To Expand Subway

OW1002094095 Beijing XINHUA in English 0842
GMT 10 Feb 95

[FBIS Transcribed Text] Tianjin, February 10 (XINHUA)—The present 7.335-kilometer-long Tianjin subway will be lengthened to 18.75 kilometers to cope with the sharply increasing traffic in China's largest port city in the north.

Apart from the track, the projected expansion project will include 10 underground, five elevated, and one ground station, as well as tunnels and bridges. The design has already been completed 50 percent, with the rest expected to be finished by the end of May, according to municipal officials.

First built in the 1970s, the subway in Tianjin, which is the third largest city in the country, has long fallen short of practical needs, the officials say.

Investment in the project, which includes the importing of trains and key signal and power equipment, is estimated at 4.1 billion yuan (482 million U.S. dollars).

The Australian Government has already agreed to provide loans worth 1.3 billion yuan for the expansion. The Municipal Government wants to raise the rest by selling off three plots of land in the downtown area totaling 14 hectares, a plan which has met with a positive response from overseas investors, the officials disclosed.

Northeast Region

Jilin Secretary Views Political, Economic Work

SK1102075495 Changchun JILIN RIBAO in Chinese
12 Jan 95 pp 1, 4

[By reporter Xin Lijuan (6580 7787 1227): "Correctly Understand the Situation and Increase the Dynamics of Party Building"]

[FBIS Translated Text] Entering the new year with the aim of deepening the comprehension of all party members of the "decision" of the fourth plenary session of the 14th CPC Central Committee and the aim of discussing how to successfully implement the overall arrangements made by the CPC Central Committee for strengthening party building and how to raise the level of party building work, the provincial party committee held the first class of the term to study the "decision" of the

fourth plenary session of the 14th CPC Central Committee at the party school of the provincial party committee on the morning of 11 January.

The opening ceremony of this class was presided over by Gao Yan, deputy secretary of the provincial party committee and governor of the province. He Zhukang, secretary of the provincial party committee, delivered an important speech on the province's political and economic situation and on the matters relating to party building.

Comrade He Zhukang pointed out: At present, the most important task of party building is to seek unity in the ideas of all party members, leading cadres at all levels in particular, with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We are thus required to continuously deepen the study of this theory in line with realities. To realistically reach a common understanding, we should first obtain a correct understanding of the situation. With regard to the economic situation, Comrade He Zhukang said: The main trend of the current economic situation is good. Over the past 16 years since the commencement of reform and opening up, China's GNP has increased by 3.8 times, with the average economic growth rate reaching 9 percent. In 1994, China's GNP rose by 11.8 percent. Now, China is the most vigorous economic growth point in the world and is becoming growing to an economic force with great influence. Such a change is obvious in Jilin Province. In 1994, Jilin Province's gross domestic product was 3.9 times that of 1978, registering an average yearly increase of 8.9 percent. The province's total industrial output value stood at 130 billion yuan. Meanwhile, Jilin topped 20 billion kg in its total grain output for the second time and topped 10 billion yuan in financial revenues. In addition, the per capita income for urban dwellers that was available for living expenses in the province amounted to 2,300 yuan, up 6 percent over the previous year, and the per capita income of peasants amounted to 1,270 yuan, up 8 percent over the previous year when taking into account the price rise factor.

Considering the general economic situation to be good, Comrade He Zhukang stressed: We should obtain a comprehensive and realistic understanding of the contradictions in development, obtain a historical and dialectic understanding of the problems existing in the current economic situation, and correctly assess the prospects for the economic situation with a sober mind. Jilin has the advantages of possessing more large enterprises, abundant agricultural resources, and strong scientific and educational strength, and the advantage of being a border and coastal province. The province will be able to produce a series of competitive products and gain economic advantages by accelerating the reforms in all fields, by concentrating on improving the quality and efficiency of economic growth, and by emphatically readjusting the product mix of industries and the organizational structure of enterprises, and the structure of technology. So long as the province firmly controls the

overall situation and correctly handles all sorts of contradictions in its way of advance, its economic situation will improve.

With regard to the political situation, Comrade He Zhukang pointed out: Generally speaking, the political situation in China and in Jilin Province are good. The most fundamental manifestation of the good political situation lies in the mature, strong, and cohesive leadership of our party. The founding of the theory of building socialism with Chinese characteristics and the basic line formed from this theory show that our party is very mature in ideological theory and politics, and that our party has already begun to master the basic law of reform, opening up, and socialist modernization and to gain the initiative in guiding China's socialist cause. The constant ripening of ideological theory has catapulted our party to new heights in its ability to lead and rule the country. Practice shows that the third generation of the collective of the CPC Central Committee with Comrade Jiang Zemin at its core, has been good at administering the country and enjoys the full trust of the whole party and the people of all nationalities in the country. The strong coherence of the party has provided a reliable and fundamental guarantee for long-term stability and order in our country. The good political situation can also be seen in the continuous efforts to build socialism and the democratic legal system and in the political stability and social progress. This can also be seen in China's position in the world. Many people place hope on China's socialism, and almost all countries of the world are vying with each other to develop trade and conduct economic and technological cooperation with China.

Comrade He Zhukang pointed out: We should be prepared for danger in times of peace. We should think of problems and focus our work on maintaining long-term stability and order and should become more conscious and active in controlling the overall situation of the whole party and the whole country. We should strive to strengthen the education on the situation, on socialist ideology and politics, and on science and general knowledge. We should continue to comprehensively implement the party's policies towards nationalities, accelerate economic and cultural development in minority nationalities areas, and promote social stability and all-round progress.

With regard to party building, Comrade He Zhukang pointed out: To conscientiously implement the "decision," we must fully understand the importance, urgency, and time required for party building under the condition of reform and opening up. In order to strengthen and improve party leadership and to make all levels of party committees more capable of leading the people and controlling the situation, we must comprehensively promote the new great project in line with the overall arrangement for party building made by the CPC Central Committee, strengthen the building of ideology, organization, and style of work of the party, and strengthen the training and promotion of leading cadres

at or above the county level. Based on the characteristics of the development of the current situation, we should pay special attention to the following issues in strengthening party building and doing organizational work.

First, the concept on party leadership should be fostered firmly. In this regard, priority should be given to safeguarding the authority of the CPC Central Committee and the State Council. All departments at all levels must resolutely safeguard the seriousness and authority of all principles and policies adopted by the CPC Central Committee and the State Council, must maintain a high degree of unanimity with the CPC Central Committee in ideology and politics, and must strictly enforce directives and prohibitions to the letter. In any locality, there is only one center of leadership—the party committee. The things decided by the party committee in a collective manner must be carried out earnestly, and must not be delayed and rejected on any excuse. Of course, by safeguarding the authority of the party committee, we do not mean that all things should be undertaken by the party committee. We should fully exploit the initiative and creativity of state political organs, governments, democratic parties, people's groups, enterprises, and institutions to accelerate the development of reform and construction.

Second, party building must be conducted in line with high standards. All levels of party cadres must understand and consciously uphold Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and adhere to the party's basic line. They must have a due understanding of theory and a due ability of creation in reform, opening up, and economic construction and to correctly resolve all sorts of contradictions and problems emerging in their professional work. Also, they must be honest and upright in their ways, be honest, clean, and diligent in performing official duties, and wholeheartedly struggle for the interests of the people. In the process of training and promoting cadres, equal attention should be paid to political integrity and ability, with emphasis on the former. In persisting in the high standards of party building, the endeavor of emancipating the mind and conducting reforms and innovations should be combined with the endeavor of maintaining and carrying forward our political advantages and persisting in the party's basic principles and fine traditions.

Third, all levels of party committees should be given more control over the overall situation. Party cadres at all levels should further foster the idea that development is the last word and should continue to explore ways and methods to seize opportunities, deepen reform, expand the scale of opening up, promote development, and maintain stability. All party cadres should strive to acquire a stronger sense of adhering to principles in work, a systematic approach, foresight, and creativity. They should also learn to dialectically handle the relations among reform, development, and stability. Party committees at all levels should use even more energies to

study all kinds of conspicuous problems related to reform, development, and stability.

Fourth, the flesh-and-blood relations and the unity between the party and the masses should be strengthened. The people's great trust on and sincere support to party leadership constitute the foundation for the party's successful leadership over reform, opening up, and modernization. All levels of party committees must actually maintain close ties with the masses and be united with the people. Party organizations at all levels and the vast numbers of leading cadres should all firmly embrace the idea of public servant as demanded by the "decision" and should truly give top priority to the interests of the people. They should frequently go deep among the masses and share a common fate with the masses. They should strive to resolve the problems which the masses complain of, by proceeding from their own realities. Leading bodies of party committees at all levels must vigorously strengthen education on the mass idea among cadres and regard countering bureaucracy and formalism as important tasks of party building.

Fifth, the work with regard to party building should be grasped truly and earnestly. Party committees at all levels must have a good mental state and a serious and conscientious work attitude. In doing work related to party building, all party committees should have a resolute attitude, advance despite difficulties, and strive to resolve the crucial problems that affect the work. On no account should they return to the former position when meeting difficulties. They should resolutely implement the arrangements made by the central authorities and successfully carry out the opinions of the provincial party committee on implementing the "decision."

At last, Comrade He Zhukang called on all departments at all levels to actively plunge into the new great project with a strong sense of political responsibility and historical mission in order to make due contributions to building the party.

Attending the ceremony were 500 persons including provincial leaders Wang Jinshan, Zhang Yueqi, Su Rong, Feng Ximing, and Wang Yunkun; the comrades participating in the first term of the class; secretaries of the leading party groups of the departments directly under the provincial authorities; and responsible comrades in charge of organizational and personnel work.

Liaoning Makes 'Headway' in Party Recruiting

SK1202045795 Shenyang LIAONING RIBAO in Chinese 12 Jan 95 p 1

[By reporter Sun Desheng (1327 1795 3932): "Liaoning Makes New Headway in Recruiting Party Members"]

[FBIS Translated Text] Over the past three years, the province has recruited over 250,000 new party members, and a large number of individuals advanced in reform and construction have been recruited into the party. Among the new party members, numbering over 80,000

annually, about 55 percent are less than 35 years old, about 65 percent received an education at or above the senior high school level, and 70 percent work on the forefront of production, preliminarily changing the situation that the absolute number of young party members falls and the party's forces on the forefront of production are weak. The number of the enterprises without party member groups is reduced with each passing year. The number of the province's state-owned enterprises without party member groups was reduced from 34.1 percent in 1988 to 26.5 percent at present, and that of the villages without any new party members for five consecutive years was reduced from 14 percent in 1988 to 5.8 percent at present. Now, the province has 1,030,000 people who have applied to join the party and nearly 600,000 activists who are asking to join the party.

Northwest Region

Gansu Gives 'Top' Priority to Telecommunications

OW1202080995 Beijing XINHUA in English 0659 GMT 12 Feb 95

[FBIS Transcribed Text] Lanzhou, February 12 (XINHUA)—Gansu, an underdeveloped province in northwest China, has been covered by a program-controlled exchange network.

To shake off poverty, local governments at all levels have given top priorities to the development of the post and telecommunications industry. The Ministry of Post and Telecommunications has directly allocated funds and helped introduce foreign loans into the province. Since 1985, the province has imported over 40 million U.S. dollars-worth of telecommunications facilities.

A 1,764-km optical cable running through the province greatly strengthened local long-distance communication ability. A satellite ground station was built in the capital city of Lanzhou, and a modern telecommunications network with optical cable and digital microwave facilities was set up.

The province now has 2,167-km optical cables, 1,303-km microwave lines, 490-km ordinary cables and an urban telephone exchange capacity of 417,000 lines. Cellular phones and paging services have also started in the province.

Nongovernment Businesses Developing in Ningxia

OW1202225495 Beijing XINHUA in English 1519 GMT 12 Feb 95

[FBIS Transcribed Text] Yinchuan, February 12 (XINHUA)—Non-government businesses are playing an increasingly important role in scientific and technological expansion in northwest China's Ningxia Hui Autonomous Region.

The region has now more than 350 non-government enterprises involved in sciences and technology in the

sectors of machinery, electronics, chemicals, agriculture, building materials and medicines.

Last year, business volume of these enterprises totalled nearly 100 million yuan, making 11 million yuan in pre-tax profits. A number of them recorded an output value of more than one million yuan each in 1994.

Non-government businesses in the region won 316 items of patent rights last year, some of which have been put into production.

Local officials said that in terms of policies and loans these non-government businesses are treated equally with state high-tech research institutes, which provide an impetus to the further development of non-government firms.

Status of Ningxia's Muslim Women Improving

OW1102103195 Beijing XINHUA in English 1002
GMT 11 Feb 95

[FBIS Transcribed Text] Yinchuan, February 11 (XINHUA)—Though knowing almost nothing, except for cooking and house-keeping, only a few years ago, Hai Wenmei has emerged as the successful woman boss of a family-run noodle factory in northeast China's Ningxia Hui Autonomous Region.

"My wife is now the bread-winner of the family, while I serve as her 'domestic helper'," said Hai's husband jokingly.

Like many women in Ningxia, home to the majority of China's Moslems, Hai, living in poverty-stricken Xihaigu Prefecture, in the past devoted all her energy to household chores, but was still often cold-shouldered by her husband and mother-in-law.

Now she not only manages the factory but also goes to the market to sell its products herself. Her daily income exceeds 600 yuan (about 70.5 U.S. dollars).

It is the present drive for reform and opening up that has brought her the chance to display her long-untapped ability, thus gaining her deserved economic independence and social status.

Ningxia has 1.64 million Huis, who are all Moslems, accounting for about one third of its total population.

Fettered by tradition, most of the Hui women in the past kept themselves at home or did farm work if they lived in the rural areas.

But in recent years the regional government has been taking measures to encourage women to diversify their ways of living, in a bid to improve their social status.

Statistics released by the regional women's federation show that at present the proportion of female Hui officials is 40 percent of all the region's women cadres and 20 percent of the total number of officials, a rise of 50 percent as compared with the mid-1980s.

The schooling of these women cadres has also been improved, with over 90 percent working at the regional, prefectural and county levels having high school or university diplomas.

The number of Hui women engineers, lawyers and doctors is also on the rise, according to the federation.

Chen Yuemei, deputy mayor of this regional capital, is an outstanding example of the new Hui women officials. Since she assumed office marked progress has been made in agriculture and farm machinery, which are within her sphere of responsibility, with grain output hitting a record and the net income of farmers averaging 1,100 yuan last year.

In order to help women to improve themselves and update their thinking, the autonomous regional government has launched special literacy and technical training classes in the past few years, which have already trained some 1.23 million women, 35 percent of whom were Huis.

At present, some 160,000 Hui women farmers have mastered at least one kind of agricultural skill, with over 500 acquiring the title of "agricultural technician".

Meanwhile, in Xihaigu Prefecture some 200,000 rural Hui women have helped their families get rid of poverty by engaging in commerce.

Qinghai's Highway Construction Accelerates

HK1302133295 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 8 Feb 95

[FBIS Translated Excerpt] The pace of highway construction in Qinghai has been further accelerated. By the end of 1994, the total mileage of highways open to traffic reached over 17,000 km.

During his inspection of Qinghai last July, Vice Premier Zhu Rongji gave an important instruction to us, that Qinghai must vigorously develop highway traffic. Late last year, he personally called together the leaders of the State Planning Commission and the Ministry of Communications to specially listen to a report on the progress of highway construction in Qinghai.

In accordance with Vice Premier Zhu Rongji's instructions, the Ministry of Communications has made greater investment in the construction of highways in Qinghai. Last year, it offered our province more than 80 million yuan of highway construction funds.

Meanwhile, the provincial party committee and government also have paid attention to highway construction by taking it as a major issue for promoting Qinghai's economy. Last year, the first provincial meeting on highway construction was convened to further strengthen the planning, coordination, and organization and implementation of highway construction. Local governments at all levels also have drawn up preferential policies for highway construction, and have mobilized

the masses to play an active part in building roads and bridges, thus enabling Qinghai to hit an all-time high in highway construction in 1994. Last year, a total of 160 million yuan of investment was made in highway construction, of which 90 million yuan was used for the improvement of arterial highways and 70 million yuan for local highway construction; 619 km of new and rebuilt highways were constructed, up 84 percent over the previous year; 218 km of newly built high-grade or sub-high-grade highways were constructed, up 250 percent over the previous year; and there was a one-third increase in the number of prefectural capitals with roads accessible to mail, while the number of county towns with roads accessible to mail increased to 16. Moreover, categorized highways increased by 155 km, thus enhancing the capacity of roads open to traffic.

Last year, 39 large, medium-sized, and small bridges were built, with the total length exceeding 1,460 m. [passage omitted]

Shaanxi Continues Environmental 'Improvement'

OW1302085695 Beijing XINHUA in English 0833
GMT 13 Feb 95

[FBIS Transcribed Text] Xian, February 13 (XINHUA)—Northwest China's Shaanxi Province has

achieved marked success in improving environment thanks to a series of measures taken in the past two years, provincial officials told XINHUA today.

To consolidate what has been achieved in this regard, the province launched a project to improve its deteriorating environmental conditions in November 1993.

According to the project—the "341 Environmental Protection Project", the province will focus its efforts and spend two years combating air pollution in the three cities of Xian, Tongchuan and Yan'an, bringing under control smoke and dust along four main highways and protecting the ecological environment of the Yulin Energy Development Zone.

Local governments at various levels have joined their efforts to implement the project. The environmental protection project won support from the central government, which has decided to earmark over the coming three years 30 million yuan for the province's continued effort in this regard in the coming three years.

While enhancing the consciousness of environmental protection among the people, the province has also promulgated rules and regulations, and spared no efforts to supervise their enforcement.

Hainan-Taiwan Economic Ties 'Developing Rapidly'

OW1202134495 Beijing XINHUA in English 1312
GMT 12 Feb 95

[FBIS Transcribed Text] Haikou, February 11 (XINHUA)—Economic cooperation between south China's island province of Hainan and Taiwan is developing rapidly, with the number of Taiwan-funded firms topping 1,000 in the province.

Taiwan's total investment in Hainan has gone up to nearly 87.6 million US dollars, according to figures issued by the province.

Projects invested by Taiwan companies and businessmen have been expanded from catering and entertainment services to industrial and agricultural sectors, local officials said.

Of the Taiwan-funded ventures, 127 are involved in agriculture and off-shore aquatics breeding. They include a 330-ha [hectare] banana growing base, a 670-ha mango development base and several flower growing bases.

A green algae plant in Wanning County of the province, involving an investment of 4.8 million US dollars from a Taiwan Corporation, produced 220 tons of green algae powders last year, with its products enjoying high reputation on Japanese and Western European markets.

Scientist Urges More Cross-Straits Exchanges

OW1002130495 Beijing XINHUA in English 1241
GMT 10 Feb 95

[FBIS Transcribed Text] Beijing, February 10 (XINHUA)—A leading Chinese scientist today urged scientists on both sides of the Taiwan Straits to promote the reunification of China through increasing their exchanges and cooperation.

Speaking at a meeting of the China Association for Science and Technology (CAST) today, CAST president Zhu Guangya said that CAST welcomes Taiwan scientists come to the mainland at any time and in any capacity.

As China's largest non-governmental scientific organization, CAST has about 200 national scientific societies.

"CAST will send more mainland scientists to visit Taiwan," Prof. Zhu told the meeting, which was called to discuss the Spring Festival speech made by Chinese Communist Party General Secretary Jiang Zemin on the reunification of China.

Zhu said that recent years have seen significant development in the scientific exchanges across the straits.

For example, over the last two years CAST has received 29 delegations, including more than 2,000 scientists,

from Taiwan. It also sent 11 delegations, including 300 mainland scientists, to Taiwan.

"Chinese scientists have always been patriotic," Zhu said, adding that "I believe that scientists from both sides of the straits will carry on this fine tradition and make contributions to the economic prosperity and development of both sides."

KMT Member Believes Jiang, Li Should Talk

OW1302122995 Beijing XINHUA Domestic Service in
Chinese 0753 GMT 12 Feb 95

[FBIS Translated Text] Hong Kong, 12 Feb (XINHUA)—News from Taipei [Taipei]: Speaking at a Taipei Spring Festival get-together on the evening of 10 February, senior Kuomintang [KMT] member Liang Surong [Liang Su-jung] said: In his capacity as KMT chairman, Li Denghui [Li Teng-hui] should hold talks with CPC General Secretary Jiang Zemin

Regarding Jiang Zemin's recently proposed eight views and propositions on promoting peaceful reunification, Liang Surong said he was of the opinion that Taiwan should actively promote the peaceful reunification and may take the following measures: promote cross-strait cultural exchange and economic cooperation; establish direct mail, air, shipping, and trade links; conduct political dialogues to alleviate the tense atmosphere with the appropriate way being Li Denghui, in his capacity as KMT chairman, holding talks with CPC General Secretary Jiang Zemin; and sign a cross-strait peace accord in which both sides agree that they will not use military force against each other to settle disputes, fight fellow Chinese, or divide national territory.

CPPCC Vice-Chairman on Jiang's Speech

OW1002160495 Beijing XINHUA in English 1532
GMT 10 Feb 95

[FBIS Transcribed Text] Beijing, February 10 (XINHUA)—Jiang Zemin's speech on the Taiwan issue was very timely and in conformity with the aspiration of the Chinese people, said Qian Weichang, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Qian, also president of the China Council for the Promotion of Peaceful Reunification, said that Jiang's speech explicitly expounded Deng Xiaoping's thought of solving the Taiwan issue and reunifying the motherland under the principle of "one country, two systems", and put forward many important and creative proposals, which will have a far-reaching bearing on the development of relations across the Taiwan Straits and on the advancement of the peaceful reunification of the motherland.

Since 1949 the Communist Party of China, the eight non-Communist parties, and patriotic personages have

made great efforts for the ending of the state of temporary separation of Taiwan from the mainland, Qian said. Since the 1980s great progress has been made in economic, trade, and personnel exchanges, and the relations between the two sides have shown good momentum because of the efforts of all the Chinese people.

But, he pointed out, activities advocating the "independence of Taiwan" have run rampant in recent years, and the advocacy of "split the country and rule under separate regimes" and "two Chinas for a period of time" is increasing in Taiwan, and some problems which could have been averted have sprung up in the relations across the straits. At the same time, some foreign forces have meddled in this, China's own internal affair and have seriously obstructed the process of the peaceful reunification of China.

"Jiang Zemin's call for 'continuing to work for the accomplishment of the cause of the reunification of the motherland' and his exposition of our policies is, at this critical moment, very timely and in conformity with the people's wishes," he said.

Qian said that Jiang Zemin, in his speech, adhered to the principle of "one China" and reaffirmed the proposal of holding negotiations on "officially ending the state of hostility between the two sides of the Taiwan Straits and gradually realizing peaceful reunification". And this is of realistic significance for breaking the political stalemate between the two sides, Qian said.

As the first step, Jiang proposed, for the first time, holding talks about and reaching an agreement on "officially ending the state of hostility in accordance with the principle that there is only one China". Then, on this basis, the two sides would undertake jointly to safeguard China's sovereignty and territorial integrity, and map out plans for the future development of their relations.

"To my understanding," Qian said, "this is an important step adopted after taking into consideration the Taiwan side's opinions, and displays the Chinese Communist Party's sincerity and great flexibility."

To absolutely end the state of hostility and jointly safeguard China's sovereignty and territorial integrity is in the interests of the Chinese nation, and is the aspiration of the compatriots on both sides of the Taiwan Straits, Qian said. Such contacts and consultations will be a breakthrough in their relations and will be a historic contribution by the Chinese people on both sides of the straits to the prosperity of the Chinese nation. He said he hoped that the Taiwan authorities would sincerely consider the proposals in the speech in the interests of the Chinese nation and not miss this opportunity.

Although the overall world situation is still volatile, that dialogue should replace confrontation and conciliation replace feuds has become the trend of the times, he said. He added that officially ending the state of hostility will no doubt greatly propel the exchanges between the two sides of the Taiwan Straits and benefit the social stability and economic development of Taiwan.

As to Jiang's gesture of welcoming leaders of the Taiwan authorities to visit the mainland in their proper capacities, and asserting that mainland officials are willing to accept invitations from Taiwan to discuss state affairs, Qian said that, from his personal experience, leaders and personages of influence and representativeness on both sides need direct contacts. "Seeing is believing," he said.

Qian said that his generation has witnessed the history of China over the past half-century and deeply understands the formation and essence of the Taiwan issue. "We heartily value the unity of the people and the reunification of the country," he said.

As the whole world is seeking peace and development, as the Chinese Government has started the countdown to resuming the exercise of sovereignty over Hong Kong and as history marches into the 21st century, the two sides of the Taiwan Straits should strengthen their efforts for the peaceful reunification of the motherland, he said.

Qian said that the China Council for the Promotion of Peaceful Reunification will do a better job in seeking to solve the Taiwan issue under the principle of "peaceful reunification, and one country, two systems", and under the guidance of Jiang Zemin's speech.

Media Coverage on Spratly Islands Issue

Spokesman on Sovereignty

OW1202093395 Taipei Voice of Free China in English
0200 GMT 12 Feb 95

[FBIS Transcribed Text] The Ministry of Foreign Affairs Friday [10 February] reiterated the Republic of China's claim to sovereignty over the archipelagoes in the South China Sea, commonly known as the Spratly Islands.

Foreign Ministry Spokesman Rock Leng said it is legally and historically unacceptable for the Philippine Government to claim sovereignty over the island group, adding that the issue which has ("long) triggered international disputes should be settled peacefully.

Leng made the remarks following a report Wednesday that Beijing's warships have been operating near the (Panganibanni), about 256 kilometers west of the Philippine island of Palawan.

According to foreign wire service report, Philippine President Fidel Ramos was displeased with the Communist Chinese quote unquote intrusion into the Philippine territory, and [word indistinct] that move has violated international law.

The Republic of China, Mainland China, Malaysia, the Philippines, and Vietnam have laid claim to all or part of the Spratly Islands, which are reportedly rich in oil and other natural resources.

Taiwan has long controlled Taiping Island, the largest island among the 100 or so islands of the Spratlys, and (has stationed) an army battalion there.

Ministry Reiterates Rights

OW1302071295 Taipei CNA in English 0228 GMT
13 Feb 95

[FBIS Transcribed Text] Taipei, Feb. 11 (CNA)—The Ministry of Interior reiterated the Republic of China [ROC]'s claims over the archipelagoes in the South China Sea on Saturday [11 February].

A ministry spokesman also said the ROC would try to settle disputes concerning sovereignty claims in the region peacefully.

The statement came in the wake of a Dispute between mainland China and the Philippines over the Spratly Islands this week. Mainland China has confirmed that it is building shelters for its fishing boats in Panganban reef, about 256 kilometers west of the Philippine island of Palawan and over which the Philippines claims sovereignty. Beijing has denied any military facilities are being built there, however, as the Philippines had claimed.

ROC military sources have said that Mainland China's purchase of submarines and its development of carriers in recent years underscore its intention to control the South China Sea.

The Executive Yuan set up a task force last year, along with the Ministries of Interior, Foreign Affairs, and Defense, as well as the Mainland Affairs Council, to make sure the islands in the South China Sea are peacefully developed and to assure ROC sovereignty over the area.

The Kaohsiung City Government, commissioned by the Ministry of the Interior, began measurements and registration of the Spratly Islands in 1994, and patrol boats of the national police administration have also patrolled the seas near the Spratlys.

The Interior Ministry spokesman said that from a historical perspective, the Spratly, Chungsha, Xishas (Paracels) and Tungsha (Pratas) Islands in the South China sea belong to the ROC. He said the ROC is willing to settle disputes over sovereignty.

More on Reaction to Jiang Zemin's Speech

MAC Holds Forum

OW1202101995 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
10 Feb 95

[From the "Hookup" program]

[FBIS Translated Text] The Mainland Affairs Council [MAC] continued holding consultation forums yesterday to solicit views from all circles on Chiang's [Jiang's] eight-point proposals. All the scholars and experts at the meeting believed that, at the present stage, leaders of the two sides of the Taiwan Strait should meet at an international event and that, before they exchange visits, Taiwan and mainland officials in charge may pay friendly visits to each other. National Taiwan University [NTU] Professor (Chou Yang-san) suggested that the Republic of China [ROC] take the initiative to invite Chiang Tse-min [Jiang Zemin] to visit Taiwan in an appropriate name, but, he said, a consensus should be reached in the ROC before the invitation is extended. Meanwhile, a number of attendees suggested the MAC draw up a plan at an early date for holding the second Ku-Wang meeting. NTU Associate Professor (Kao Lang) said Taiwan and the mainland should hold the second meeting by the end of this year and before Teng Hsiao-ping [Deng Xiaoping] dies, since it will be conducive to stabilizing cross-strait relations in the post-Teng era.

Yesterday, the MAC held two consultation forums in the morning and another two in the afternoon. It invited a number of councilmen, assemblymen, delegates of political parties, scholars, and experts to the meetings. By the end of yesterday, the MAC preliminarily concluded four consultation forums to solicit views from all circles. It will hold an advisers committee meeting today to discuss Chiang's eight-point proposal. Beginning next week, MAC Chairman Hsiao Wan-chang will separately consult with three political parties to solicit their views.

Taiwan To Respond to Jiang Speech*OW1102100795 Taipei Voice of Free China in English
0200 GMT 11 Feb 95*

[FBIS Transcribed Text] The Republic of China [ROC] Government said Thursday that it will soon formally respond to mainland China's President Chiang Zemin's [Jiang Zemin's] recent remarks, [words indistinct] Peking's [Beijing] demand for a speedy response from Taipei.

PRC Foreign Ministry Spokesman Chen Chien said Beijing is waiting a response from Taipei because this will be vital for ushering a new phase in relations between the two arch rivals; but ROC Premier Lien Chan said Taipei's response will be made in stages according to the new points and the nature of Chiang's speeches.

On the proposal by the cabinet-level Mainland Affairs Council, President Li Teng-hui will make an overall official response shortly. This will be followed by a more elaborate policy statement by Premier Lien Chan when he delivers the government's administrative report to the legislature, which is scheduled to begin a new session on 21st February.

MAC Seeks Beijing's Support To Host 2002 Asiad*OW1102104395 Taipei CNA in English 1000 GMT 11 Feb 95*

[By Debby Cuo]

[FBIS Transcribed Text] Taipei, Feb. 11 (CNA)—The cabinet-level Mainland Affairs Council (MAC) Saturday asked for Beijing's support of Taiwan's bid to host the 2002 Asian Games, saying that if Beijing is indeed serious about ending hostility across the Taiwan Strait, this would be a golden opportunity to show their sincerity.

In a discussion focusing on the eight-point statement made by Jiang Zemin recently, council members said Beijing's support of Taiwan's Asiad bid would help end the cold war between the two sides, given that one of Jiang's (right) statements was that Taiwan and the mainland should then dialogue on easing hostilities.

[Word indistinct] members and Beijing's continued effort to isolate Taiwan on the international stage has created tension between the two sides.

MAC challenged Beijing to show its "wisdom" and "friendliness" to Taiwan by voting for Kaohsiung, Taiwan's applicant to host the games, when the Olympic Council of Asia (OCA) meets in May to choose the host city.

Kaohsiung has formally filed an application to host the 2002 Asian Games with the Kuwait-based OCA. Kaohsiung's major rival for the games is Pusan, South Korea.

Taiwan Refutes U.S. 'Drug Transit' Accusation*OW1102105995 Taipei Voice of Free China in English
0200 GMT 11 Feb 95*

[FBIS Transcribed Text] Justice Minister Ma Ying-chiu Thursday [9 February] denounced as incomprehensible a U.S. Government report describing Taiwan as a drug transit country from the Golden Triangle to the United States.

Ma said, despite Taiwan's vigorous crackdown on drugs, the U.S. Government still labels the Republic of China along with two dozen Western nations as drug transit countries.

Ma said that labelling Taiwan as a transit center for drugs is unfair because there are many direct air and sea routes between Southeast Asia and the United States.

Ma admitted that some drugs had passed through Taiwan en route to the United States, but most of these instances involve transit passengers or transit cargoes, which ROC customs do not have the authority to inspect.

Another reason cited by Ma refuting the U.S. claim is that Taiwan's drug market is at least as good as that of the United States. Ma said he found it hard to believe that drug traffickers would forego the lucrative market in Taiwan and run the higher risk of smuggling drugs into the United States.

Ministry Denies Bribing U.S. Congressmen*OW1102093395 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT 10 Feb 95*

[From the "Hookup" program]

[FBIS Translated Text] Regarding the statement Winston Lord, U.S. assistant secretary of state in charge of Asian and Pacific Affairs, made to Congress that U.S. President Clinton would seriously consider President Li Teng-hui's U.S. visit, administration officials indicated yesterday [10 February] that this was a significant diplomatic statement, considering the Chinese Communist pressure on the United States.

Meanwhile, the Ministry of Foreign Affairs yesterday solemnly denied some legislators' charges that the ministry had spent an enormous amount of public relations funds to bribe U.S. congressmen's support for President Li's U.S. visit.

The Ministry described the legislators' charges as an enormous insult to those U.S. congressmen who are friendly to the Republic of China.

Upcoming Talks Will Focus on IPR Protection*OW1302025195 Taipei CNA in English 0108 GMT 13 Feb 95*

[By Lilian Wu]

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[FBIS Transcribed Text] Taipei, Feb. 11 (CNA)—The government will seek to remove Taiwan from the U.S. Government's special 301 watch list when it holds consultations with the United States under the trade and investment framework agreement next month, Board of Foreign Trade (BOFT) officials said Saturday [11 February].

The officials noted that Taiwan was downgraded from the priority watch list last year to the watch list following stepped-up protection of intellectual property rights (IPR), under pressure from the United States.

The consultations will be held in Washington on March 6.

The officials said that U.S. invocation of special 301 sanctions would have a far-reaching effect on Taiwan exports, and said manufacturers would be in danger if Taiwan is not removed from the special 301 watch list.

The officials also said that Taiwan began to monitor export trademarks in October to protect the legal rights of Taiwan and foreign manufacturers. They added, however, that many famous manufacturers, including Nintendo, have yet to register their trademarks with the BOFT, which they said shows that those manufacturers are unconcerned with protective measures.

They also said that although the gap between Taiwan and the U.S. on the issue of IPR protection has narrowed, several issues, including the signing into law of an integrated circuit network protection law, remain to be resolved before Taiwan can hope to be removed from the watch list.

Taiwan May Permit Mainland Businessmen's Visits

OW1202120295 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 10 Feb 95

[From the "Hookup" program]

[FBIS Translated Text] Yesterday, Executive Yuan Vice President Hsu Li-te said the Republic of China [ROC] Government may lift the ban on mainland people's travel to Taiwan to conduct economic activities, trade, and related activities in the first half of this year. It is expected that the procedures and implementation date for permitting mainland people to travel to Taiwan for economic, trade, and related activities will be promulgated in the first half of this year.

When Premier Lien Chan, Vice Premier Hsu Li-te, and Economic Minister Chiang Ping-kun visited a Tainan factory yesterday, Minister Chiang Ping-kun disclosed that the Economic Affairs Ministry has formulated the relevant application forms in connection with lifting the travel ban by people from the mainland's economic and trade circles. The implementation date of the lifting of the ban and its promulgation are awaiting the Executive

Yuan's final decision, he said. When the ban is lifted, the ROC Government will agree to let people from the mainland's economic and trade circles visit Taiwan for a period of between one and two months to conduct business surveys. If necessary, this period may be extended.

According to an Executive Yuan decision-making official, the lifting of the ban on travel to Taiwan for business surveys by mainland economic and trade people is a major concrete step in response to Chiang's [Jiang Zemin's] eight-point proposal.

Taipei's Mayor on Sister City Ties With Beijing

OW1102134595 Tokyo KYODO in English 1325 GMT 11 Feb 95

[FBIS Transcribed Text] Taipei, Feb. 11 KYODO—Taipei Mayor Chen Shui-bian said Saturday he is "seriously" considering a sister-city tie-up of the Taiwanese capital and Beijing.

In an interview with KYODO news service, the mayor said that Taiwanese athletes should participate in competitions in Mainland China on condition that Beijing supports Taiwan's bid to host the 2002 Asian Games.

He said exchanges between Taiwan and Mainland China are growing and the trend cannot be stopped or retracted.

Chen was sworn in after winning the mayoral race in December on the ticket of the Democratic Progressive Party, an opposition force advocating Taiwan's independence.

Chinese President Jiang Zemin released a new policy in late January toward Taiwan, including a proposal of mutual visits by Chinese and Taiwanese leaders.

Chen, however, said Taiwan should not attach excessive importance to Jiang's proposal.

The mayor also pledged to promote reform within the framework of the current setup of the Republic of China until the national name and its flag are changed through a plebiscite.

Taiwan's ruling Nationalist Party (Kuomintang) claims Taipei has ruled over both the island and Mainland China since it was ousted from the mainland in 1949.

Council Says GATT Entry To Boost Industry

OW1302093395 Taipei CNA in English 0220 GMT 13 Feb 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Feb. 11 (CNA)—Taiwan's entry into the Geneva-based General Agreement on Tariffs and Trade would be beneficial to Taiwan industries, the China External Trade Development Council (CETRA) said Saturday [11 February].

[FBIS Transcribed Text] Taipei, Feb. 11 (CNA)—The government will seek to remove Taiwan from the U.S. Government's special 301 watch list when it holds consultations with the United States under the trade and investment framework agreement next month, Board of Foreign Trade (BOFT) officials said Saturday [11 February].

The officials noted that Taiwan was downgraded from the priority watch list last year to the watch list following stepped-up protection of intellectual property rights (IPR), under pressure from the United States.

The consultations will be held in Washington on March 6.

The officials said that U.S. invocation of special 301 sanctions would have a far-reaching effect on Taiwan exports, and said manufacturers would be in danger if Taiwan is not removed from the special 301 watch list.

The officials also said that Taiwan began to monitor export trademarks in October to protect the legal rights of Taiwan and foreign manufacturers. They added, however, that many famous manufacturers, including Nintendo, have yet to register their trademarks with the BOFT, which they said shows that those manufacturers are unconcerned with protective measures.

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[FBIS Transcribed Text] Taipei, Feb. 11 (CNA)—Taiwan's entry into the Geneva-based General Agreement on Tariffs and Trade would be beneficial to Taiwan industries, the China External Trade Development Council (CETRA) said Saturday [11 February].

Joining GATT would not only be a major diplomatic breakthrough for Taiwan but would also protect Taiwan traders' economic interests as well as increase Taiwan's economy and international trade, an official with CETRA's market research department said.

Taiwan could establish trade channels with more foreign countries and upgrade its international status through GATT membership, while the government could also adjust its industrial structure and related laws and regulations, the official said.

The market research department advised Taiwan traders to make more investments in multinational companies and familiarize themselves with related laws and regulations to cope with the expected GATT entry.

He said Taiwan's adjustment to GATT should not be that difficult, given the country's abundant technical personnel, well-established small and medium-sized enterprises, and production efficiency.

Since labor-intensive industries are no longer affordable to the Taiwan economy, Taiwan should continue to upgrade its industries and high-end products, as well as simplify personnel structures, the official elaborated.

Following the establishment of regional economic and trade blocs, area competition has replaced national competition, and Taiwan firms should therefore consider investing in the trade blocs to increase their international competitiveness, he said.

Meanwhile, Taiwan's trade regime will be subject to GATT rules once it is admitted into the world trade body, the official said. If Taiwan traders are treated unfairly in the international market, they can ask the government to provide assistance to ensure their rights and interests, he added.

Dalai Lama To Visit Taipei at 'Right' Time

*OW1102025795 Taipei CNA in English 0221 GMT
11 Feb 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Feb. 10 (CNA)—The Dalai Lama, Tibet's spiritual leader, has agreed to visit Taiwan "when the time is right," Democratic Progress Party Legislator Annette Lu said on Friday.

The Dalai Lama decided to accept the invitation jointly extended by Lu and another DPP legislator, Parris Chang, after a misunderstanding between the Tibetan

Government-in-Exile and the Mongolian and Tibetan Affairs Commission was cleared up, Lu said.

The Tibetan Government-in-Exile had refused to give its permission for the Dalai Lama to visit Taiwan because it wrongly suspected that the commission had financed the Dalai Lama's political opponents, according to Lu.

Firm Wins Contract for Rocsat-1 System

*OW1102015995 Taipei CNA in English 0133 GMT
11 Feb 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 10 (CNA)—The National Science Council (NSC) on Friday signed a NT [new Taiwan] \$169 million (US\$6.4 million) contract with the Microelectronics Technology Inc. for the purchase of telecommunications equipment for Taiwan's first satellite, which is scheduled to be launched in 1998.

The equipment will be installed on one of the three payloads of the scientific satellite, Rocsat-1, according to the NSC, the government agency in charge of the 10-year satellite development project.

The contract will also require Microelectronics Technology, a Taiwan-based company noted for the manufacture of satellite communications equipment, to provide testing and integration services for the payload.

"The purpose of the communications payload is to lay the foundation for the space communications system," the NSC said. The NSC is hopeful the payload will be able to enhance Taiwan's ability to design microwave communications hardware and software, it said.

The two other payloads on the satellite will consist of a solar-terrestrial phenomena research system and an ocean color-imaging (OCI) system. The University of Texas-Dallas has won a contract to do the physics research on the two systems.

France's Matra Maconi Space and Germany's Deutsche Forschungsanstalt für Luft- und Raumfahrt were invited in 1992 to bid to supply the OCI system, but neither has come up with a final proposal, and the NSC has reopened bidding on the project.

The satellite itself is being designed and manufactured by TRW Inc. of the United States at a cost of US\$61 million. The NSC will have to decide on the launching contract by 1995. Under the US\$500 million plan, Taiwan plans to have three scientific and communications satellites in orbit by the year 2006.

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